Electronics for the Future

ROHM Integrated Report 2024

ROHM Co., Ltd.

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Editorial Policy

ROHM publishes this Integrated Report as a tool for communication with shareholders, investors, and other stakeholders to promote further understanding of our unique business model and our initiatives to sustainably enhance our corporate value. To strengthen the connection between financial and non-financial information, we have enhanced our financial logic tree to show how non-financial initiatives in particular lead to the enhancement of our corporate value. Building on the previous report, this year's report features more messages from employees and delves deeply into how ROHM's culture and DNA, both of which place importance on quality, positively impact our business model and give rise to innovation.

While valuing two-way communication with our stakeholders, ROHM will continue to aim for sustainable development. We hope that this report will aid readers in understanding ROHM's value creation story.

Reporting Period Fiscal year 2023 (April 1, 2023 to March 31, 2024) *Some information from April 2024 and after is included.

Data Published November 2024

Guidelines Used for Reference IFRS Foundation Integrated Reporting Framework
Ministry of Economy, Trade and Industry Guidance for Collaborative Value Creation

The Role of the Integrated Report

This report contains the information of greatest relevance to the ROHM value creation story. For detailed information on our products and our businesses, please visit our website.

ROHM Integrated Report

Financial information (Investor relations)

Earnings release materials, performance trends, and others
https://www.rohm.com/ir

Non-financial information (Sustainability)

CSV initiatives, business foundations, other topics
https://www.rohm.com/sustainability

Publications

ROHM Group Integrated Report

We compile and publish financial and non-financial information of particular importance that directly relates to the enhancement of corporate value.

https://www.rohm.com/investor-relations/library/rohm-group-integrated-report

Securities Report/Quarterly Reports (In Japanese only)

We provide a variety of information, including an overview of business, status of facilities, and financial position.

https://www.rohm.co.jp/investor-relations/library/annual-interim-securities-business-report

Fact Book

We prepare a collection of materials for investors and shareholders, summarizing facts about financial results and financial position.

https://www.rohm.com/investor-relations/library/factbook

Materials for Financial Results Briefing

We publish the details announced at financial results briefings and explanatory materials on the Medium-Term Management Plan.

https://www.rohm.com/ir/library/materials-for-financial-results-briefing

Corporate Governance Report

We publish a report describing our basic approach to corporate governance and the status of the system.

https://www.rohm.com/sustainability/foundation/governance/report

Corporate Website

Corporate website (Main page)

This page contains a variety of information on our company including corporate data, information on sustainability, and information on our R&D.

https://www.rohm.com/company

Information for shareholders/investors

This page includes information of interest to investors including a summary information on recent business performance, share information, and other information.

https://www.rohm.com/ir

Sustainability

We post CSR information, such as CSV initiatives, environmental management, human capital management, and social contribution activities.

https://www.rohm.com/sustainability

ROHM Group Major ESG Data

We post data related to the environment, society, and governance.

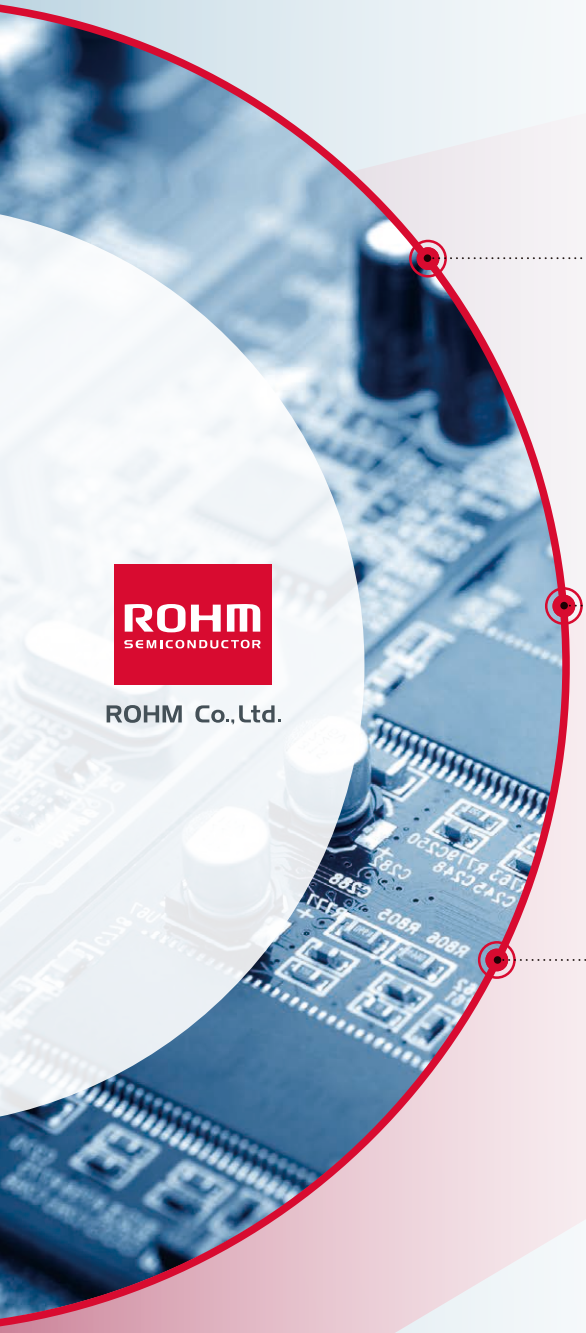
https://rohm.com/sustainability/esg

Note on nomenclature:

Company names in this report are used as follows:
“ROHM” refers to the consolidated entity consisting of ROHM Co., Ltd. and all of its consolidated subsidiaries.
“ROHM Co., Ltd.,” “ROHM non-consolidated,” “Head Office” refers to ROHM Co., Ltd. as a non-consolidated entity.

ROHM's Company Mission and Vision

Since its founding, ROHM has consistently worked to deliver on its unchanging Company Mission: to contribute to the advancement and progress of culture and society through a consistent supply of high-quality products and manufacturing. And now, ROHM is conducting its business activities based on our Statement and Management Vision that put that Mission into even more concrete form. What is more, ROHM has set itself the goal of becoming a major global player in FY2030 and has backcast from that goal to formulate its Medium-Term Management Plan. In planning its strategy, ROHM has determined that material issues are the most important management challenges that ROHM must resolve and has identified related risks and opportunities in order to sketch out a value-creation model for the medium to long term.



ROHM Co., Ltd.

Company Mission

Quality is our top priority at all times. Our objective is to contribute to the advancement and progress of culture through a consistent supply, under all circumstances, of high quality products in large volumes to the global market.

Our Statement

Electronics for the Future

ROHM will continue to support the development of society and the enrichment of people's lives into the future by solving a variety of social issues with our electronics technology.

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.

Material Issues
Risks and Opportunities

> P.24-27

Origin of the company name

The company name of ROHM, a semiconductor manufacturer, combines "R" the first letter of our original main product, resistors, with the unit for resistance "ohm." The "R" also stands for Reliability, signifying ROHM's corporate policy of Quality First.

2030

Becoming a "major global player"

2025

Medium-Term Management Plan

"MOVING FORWARD to 2025"

Achieve growth in "automotive segments" and "markets outside Japan" and build a foundation for further growth

> P.28

Becoming a "major global player"

ROHM aims to become a "major global player" in FY2030. To achieve this goal, it is necessary to establish the ROHM brand on a global scale and be recognized as a company that is necessary to society.

1 Providing irreplaceable services to our customers and society

In our Company Mission, we mention our priority commitment to product quality. Based on that commitment, we work hard to further develop technology that optimally integrates power and analog semiconductors. This allows us to contribute to "energy savings" and the "miniaturization" of our customers' products, helping us address the needs of society and play an indispensable social role.

2 Establishing the ROHM brand as a provider of power and analog semiconductors

With a particular focus on power and analog semiconductors for automotive and other industrial applications, we are working to inform customers and wider society of our deep commitment to quality and reliability. Our goal is to establish a firm connection between our brand and the provision of power and analog semiconductors, ensuring that ROHM becomes the first name customers think of when they think of those fields.

3 Targeting a position among the global top ten power and analog semiconductor manufacturers with sales revenue of 1 trillion yen

We have established the goal of becoming one of the top 10 largest global providers of power and analog semiconductors, with annual sales of over 1 trillion yen. We have set these goals as we believe that we must expand the scope of our business to win the solid trust of our customers and play an indispensable role in society. We also believe that sales reflects the total value of our social contribution.

At a Glance

ROHM offers a wide range of products, from ICs and discrete semiconductor devices to modules and resistors, but ROHM focuses primarily on power and analog semiconductors, which capitalize on the company's vertical integration as an integrated device manufacturer (IDM)*. Society and customers have ever-higher expectations that such semiconductors will play a key role in the drive for decarbonization and energy saving, and we foresee that the demand for them will continue to grow due to progress of electrification, especially in the automotive market. ROHM will continue to develop and offer power and analog devices to satisfy these needs, and will contribute to solving social problems by helping its customers for energy savings and miniaturization of their products.

* Explained in the Glossary

ROHM's Focus Areas: Power and Analog Technologies

■ Power

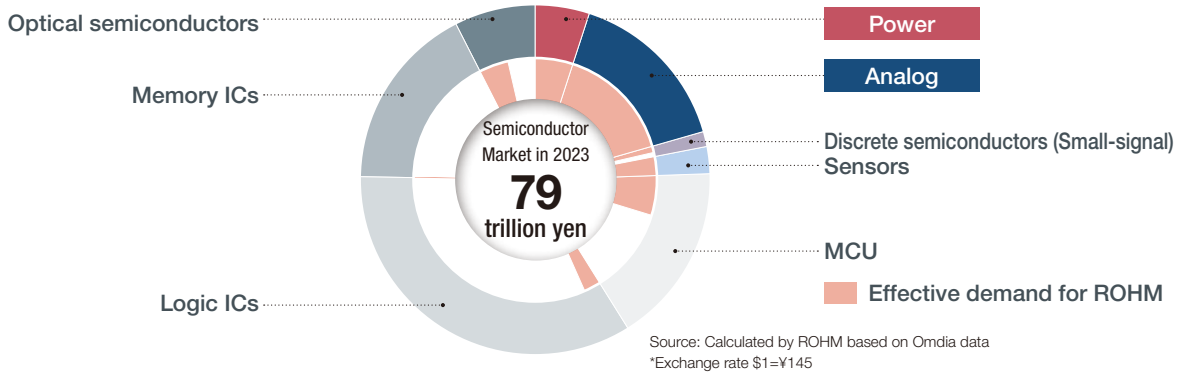
Silicon carbide (SiC) power devices can achieve significantly lower loss and miniaturization compared to conventional silicon (Si) semiconductors. Amid ever-growing needs for energy savings, ROHM has been a global pioneer in the development and enhancement of its SiC power devices lineup, which has been broadly adopted in a range of applications, especially in the automotive and industrial equipment markets.

We will continue to propose optimal power solutions to our customers by integrating our device development and module technologies, not only for SiC power devices, but also for conventional Si power devices and other electronic components.

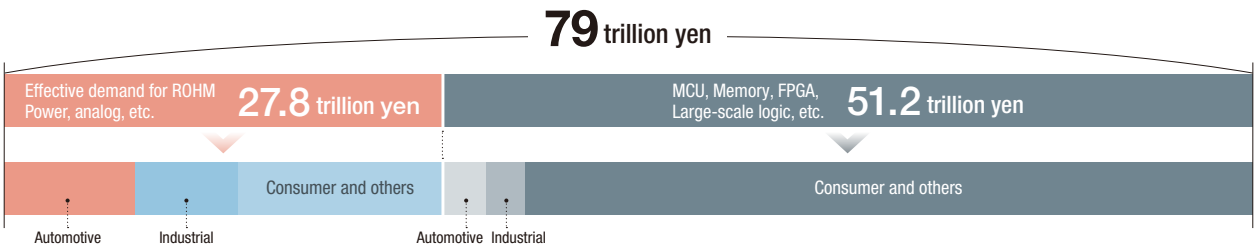
■ Analog

Analog technologies are elemental technologies that process continuously changing information as electrical signals. These are widely applied to power supply control circuits that support the stable operation of electronic equipment, motors, and more. Electronic equipment demand will continue its dramatic growth, including the use of data through IoT and artificial intelligence (AI) and the expansion of autonomous driving. The analog semiconductors used in this equipment are expected to achieve even higher performance, energy savings, and miniaturization. ROHM is able to meet customer needs through optimal designs by engineers with expertise in analog technology, and its advanced elemental and integral technologies cultivated over many years.

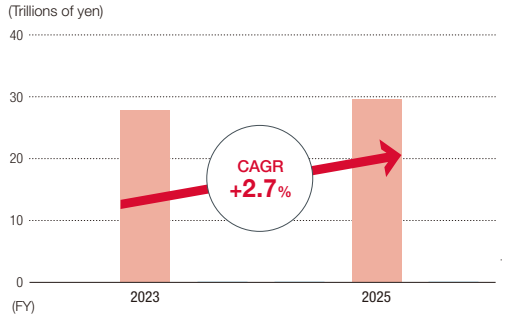
Market size of ROHM's target: power and analog (effective demand for ROHM)



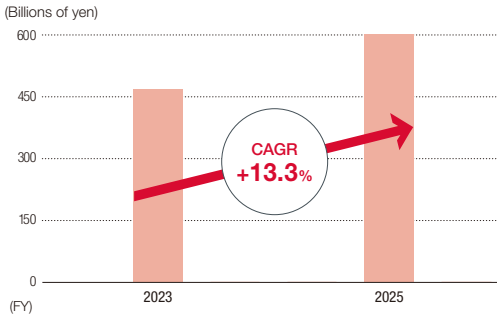
Source: Calculated by ROHM based on Omdia data
*Exchange rate $1=¥145



Effective Demand for ROHM



Net Sales of ROHM



ROHM products with effective demand: discrete, analog, etc.

Source: Calculated by ROHM based on Omdia data

*Exchange rate $1=¥145

ROHM's Position Power & analog device manufacturers ranked by share of worldwide sales (2023)

As part of its strategy for becoming a major global player in FY2030, in the field of power and analog semiconductors ROHM is aiming to become one of the top 10 manufacturers worldwide, with sales of 1 trillion yen. ROHM aims to reach this goal mainly through organic growth, yet it is also giving consideration to strategic alliances and M&A and is increasing its operating capital in order to reach its goal.

(Millions of U.S. dollars)

2023 Rank	2022 Rank	Company Name	2023 Sales	2022 Sales	'22-'23 Growth	2023 Share
1	1	Texas Instruments	12,916	15,416	-16.2%	11.4%
2	2	Analog Devices	10,837	11,142	-2.7%	9.6%
3	4	Infineon Technologies	9,535	8,707	9.5%	8.4%
4	3	Qualcomm	8,067	10,302	-21.7%	7.1%
5	5	STMicroelectronics	7,915	7,007	13.0%	7.0%
6	7	onsemi	5,311	5,136	3.4%	4.7%
7	10	NXP	4,313	4,425	-2.5%	3.8%
8	6	Renesas Electronics Corporation	4,243	5,158	-17.7%	3.8%
9	8	Skyworks Solutions	3,855	4,447	-13.3%	3.4%
10	9	MediaTek	3,827	4,441	-13.8%	3.4%
11	11	Qorvo	2,820	3,272	-13.8%	2.5%
12	12	Broadcom Limited	2,564	2,551	0.5%	2.3%
13	15	Marvell Technology Group	1,965	1,882	4.4%	1.7%
14	14	Microchip Technology	1,909	1,883	1.4%	1.7%
15	16	ROHM Semiconductor	1,852	1,825	1.5%	1.6%
16	17	Monolithic Power Systems	1,821	1,794	1.5%	1.6%
17	13	Cirrus Logic	1,741	1,961	-11.2%	1.5%
18	18	Mitsubishi Electric	1,703	1,497	13.8%	1.5%
19	20	Fuji Electric	1,427	1,267	12.6%	1.3%
20	23	Robert Bosch	1,306	1,044	25.1%	1.2%

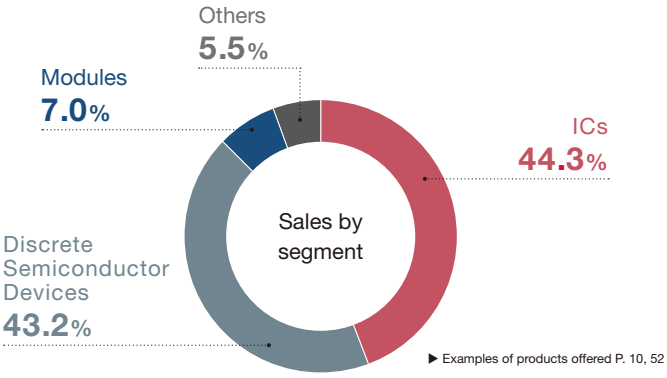
Source: Competitive Landscaping Tool CLT, Annual 2Q24

Power & Analog: Bipolar PT, FET PT, IGBT PT, Rectifier & Power Diodes, Thyristor, Amplifier/Comparator, Data Converters, Interface, Voltage Regulator/Reference, Analog ASIC, Analog ASSP

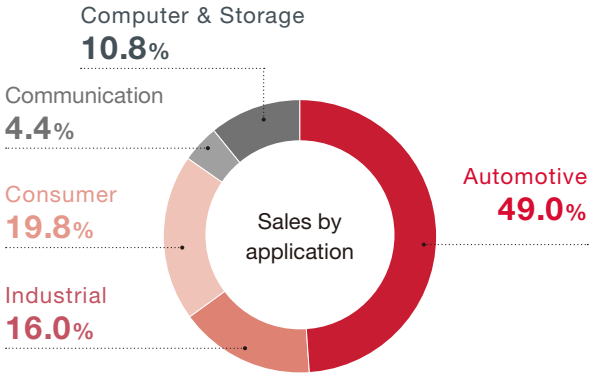
FY2023 Results

Net sales 467.7 billion yen

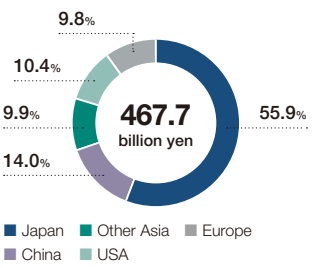
Sales composition



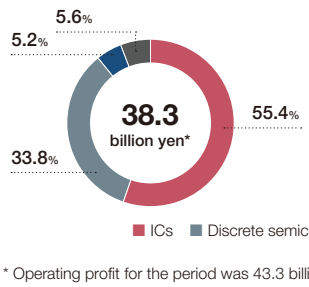
▶ Examples of products offered P. 10, 52



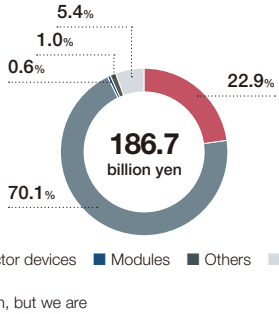
Sales by region



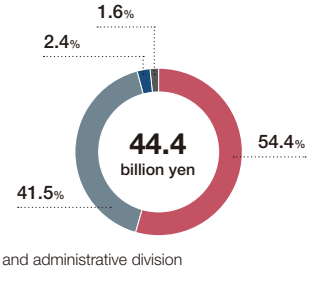
Operating profit



Capital expenditures



R&D expenses



* Operating profit for the period was 43.3 billion yen, but we are showing the details of 38.3 billion yen excluding general and administrative expenses and the settlement adjusted amount.

History of Innovation

Contributing to the advancement and progress of culture by boldly taking on the challenge of offering high-quality products and manufacturing

ROHM, which started out as a specialized manufacturer of small resistors, has been broadening its field of business while contributing to the advancement of society and culture in line with its Company Mission. We aim to continue contributing to improved living standards and sustainable social development by harnessing our electronics technology and our in-house technical capabilities to solve challenges that society faces.

1950s

Expanding demand from manufacturers of consumer products

- Transistor radio
- Color TV

➤ The challenge of producing radio parts:

Developing the first small resistor in Japan

ROHM's founder, Kenichiro Sato, was motivated to set up the company after he took a part-time job repairing radios. Feeling that simply doing repairs was boring, Sato wanted to make his own products, so he began developing a resistor, since resistors were indispensable components in the vacuum-tube radios of that time. In 1954, he obtained utility-model rights for a "parallel-lead fixed resistor," the first small resistor in Japan, and as soon as he graduated from university, he founded Toyo Electronics Industry Corporation. As demand for transistor radios boomed, Sato's resistor eventually won a 60% share of the domestic resistor market.

1954	Founded Toyo Electronics Industry Obtained utility model for small-sized resistors
1958	Established Toyo Electronics Industry Corporation

1960 to 1970s

Increasing global demand for ICs

- Portable cassette audio
- VTR
- CD player

➤ Facing the onslaught of ICs:

The challenge of developing semiconductors

In 1964, resistors were at their peak and few people had ever heard of "ICs." In that year, the company's chief technology officer attended a lecture on ICs where he heard it said that in the near future, ICs might replace resistors. Sensing a threat, Sato decided to take up the challenge of the new field of "ICs" while continuing the resistor business. In 1967, ROHM completed its first semiconductor product, and in 1971 the company committed itself in earnest to IC development by becoming the first Japanese company to set up shop in Silicon Valley.

1967	Started development and sales of transistors and switching diodes
1969	Started development of ICs
1979	Changed corporate trademark from R.ohm to ROHM

1980 to 1990s

Advancing of the digitalization of society

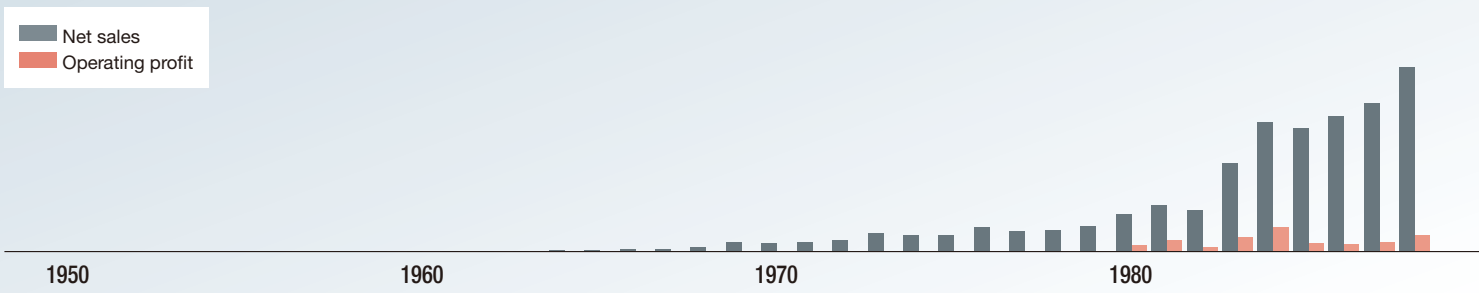
- Digital camera
- Personal computer
- DVD
- Mobile phone

➤ Contributing to technical innovation in digital devices as a manufacturer of custom ICs

At a time when many major electronics manufacturers had an in-house semiconductor division, ROHM was essentially the only semiconductor manufacturer that was independent. The company's strengths lay in quickly and reliably responding to the latest needs of manufacturers in a variety of industries and being able to look one step ahead and develop products for foreseen future needs. ROHM thrived as a manufacturer of custom ICs by offering a product lineup and organizational structure that could meet a broad range of market needs, producing everything from semi-custom ICs to full-custom ICs.

1981	Changed registered company name to ROHM Co., Ltd.
1982	Started development and sales of digital transistors
1985	Commercialization of microcontrollers, gate arrays, and VTR digital servos
1989	Listed on the First Section of the Tokyo Stock Exchange

Net sales/Operating profit



2000s

Globalization of the electronics market

- LCD TV
- Car navigation system

➤ Boosting R&D and embracing M&A

After the bursting of the IT bubble, Japan's economy changed radically. ROHM, whose growth had come mainly from the Japanese consumer electronics market, entered difficult times. Society was also undergoing major changes, and the company devoted effort to adding more R&D topics, entering into collaboration with universities, engaging in mergers and acquisitions, and shifting its business portfolio. ROHM's primary focus was on aggressively entering the automotive market; the company gradually expanded its automotive product lineup to include items such as car audio products that capitalized on its consumer electronics technology. The company also focused on overseas markets, making its product-development process more globally oriented and strengthening its worldwide setup for boosting sales.

2008 Acquired OKI SEMICONDUCTOR Co., Ltd. (now LAPIS Semiconductor Co., Ltd.) as a subsidiary

2009 Acquired SiCrystal GmbH, a German SiC wafer manufacturer, as a subsidiary

2010s

Growing needs for energy savings and electrification

- Smartphone
- Tablet PC
- Hybrid electric vehicle

➤ Transforming the business portfolio:

Ramping up development for the automotive and industrial equipment markets

The company accelerated its shift to the automotive and industrial equipment markets. It also began producing power devices in a committed way, and in 2010 it was the first in the world to succeed at mass-producing SiC MOSFETs*. To make sure its analog ICs and discrete met the quality standards for automotive equipment, the company revamped all its processes, from development through to manufacturing, and broadened its lineup of products for automotive devices. ROHM's devices also came to be used in new types of products, starting with infotainment applications like GPS navigation systems and finding their way into body systems (e.g., mirror controls) and drive systems (e.g., powertrains).

2010 Started mass production and sales of SiC power devices

2012 Started development and mass production of isolated gate driver ICs

2013 Started development and mass production of shunt resistors

2015 Started development and mass production of the world's first trench-type SiC MOSFET

2020s

Trending toward decarbonization and a recycling-oriented society

- Electrified vehicle (xEV)
- Charging station

➤ Helping alleviate environmental impact by manufacturing products that contribute to energy savings and miniaturization

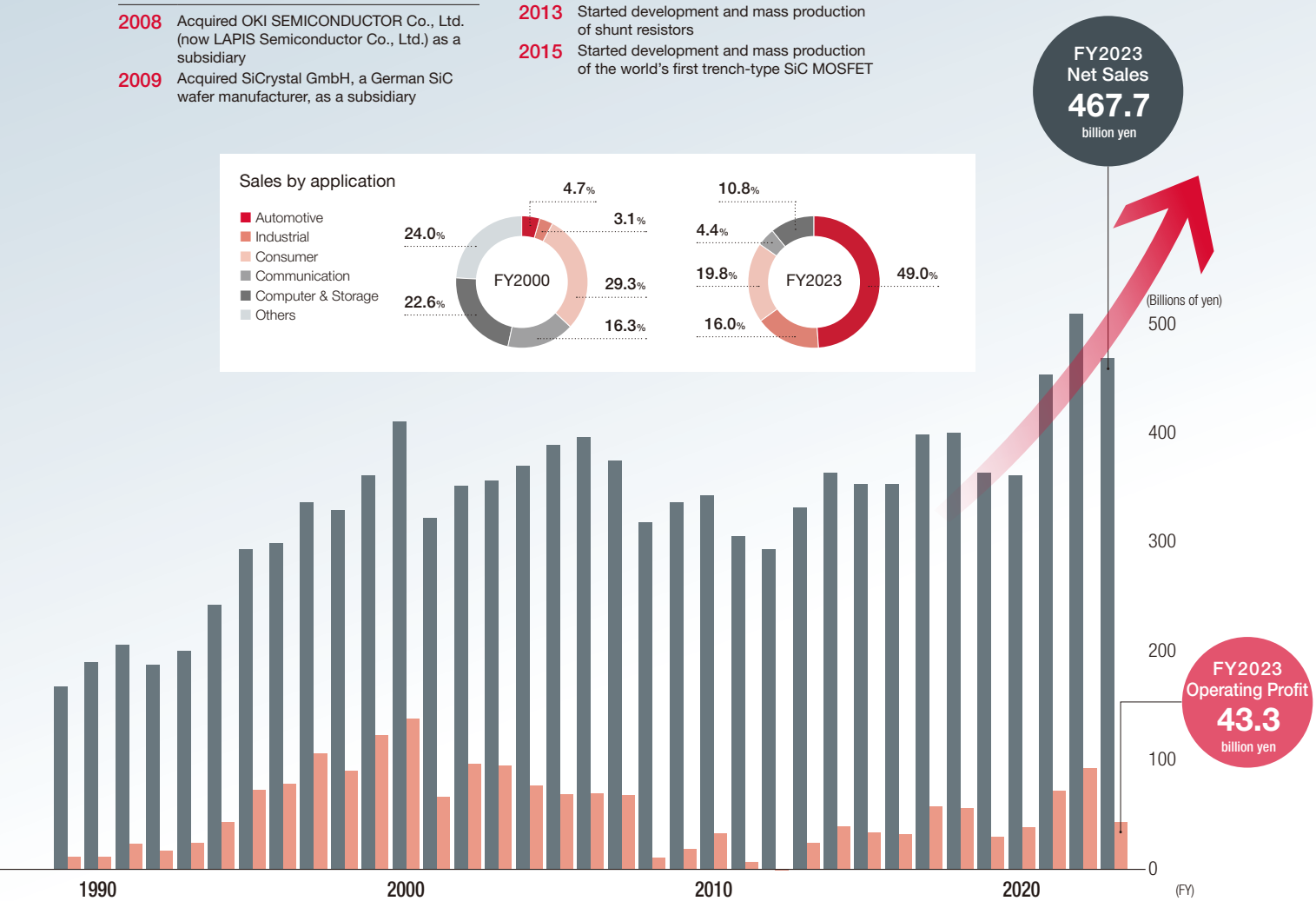
Decarbonization is a pressing issue for society, and countries around the world are switching from gasoline-powered to electrified vehicles. Semiconductors play an increasing role in reducing energy consumption, and with expectations from society and customers growing, we are focusing on developing power and analog semiconductors in accordance with our business vision. In addition to expanding our development and mass-production system for power devices, particularly SiC, we are also speeding up how we supply power solutions, including peripheral components such as isolated gate driver ICs that maximize device performance.

2020 Developed 4th Gen SiC MOSFETs featuring industry-leading low on resistance

2021 Formulated the Medium-Term Management Plan "Moving Forward to 2025"

2022 Transferred from the First Section of the Tokyo Stock Exchange to the Prime Market

* Explained in the Glossary



ROHM's Unique Qualities

As a manufacturer of semiconductors and electronic components, ROHM has accumulated design and manufacturing technologies, quality assurance technologies, and solution proposal capabilities for over 60 years since our founding. Developed over our long history, these technologies and capabilities can be characterized by four key features: integral technologies, IDM, a wide range of products, and customer orientation. Combined with a quality-first culture deeply ingrained in our employees, these features ensure the stable supply of high-quality products. Moving forward, ROHM will continue to focus on power and analog technology areas, where we can leverage our strengths to deliver the unique value that only ROHM can provide.

Integral technologies — Development capability to maximize value by integrating elemental technologies

The source of ROHM's competitiveness in the power and analog areas on which we focus lies in understanding and optimal design of our own processes, such as circuit design, layout, and processes, based on customer needs. Additionally, the optimization of comprehensive technologies, including heat dissipation design, package technology, and measurement technology during assembly, is one of ROHM's major strengths.

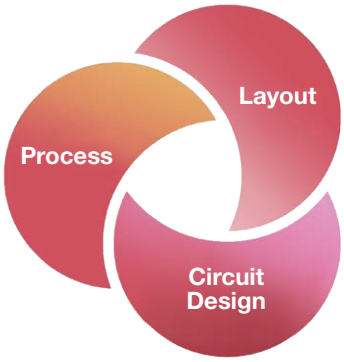
The realization of this technology optimization is achieved through integral technologies. Engineers from the development and manufacturing divisions in Japan and overseas combine their specialized element technologies and expertise at a high level, working together to develop high value-added products that meet customer and market needs.

Elemental Technologies

Process

We develop the manufacturing processes that will be necessary in the future by working closely with design engineers who are familiar with customer requirements and expectations. The wafer processes are optimized by adjusting factors such as pressure resistance, size, and device characteristics.

We design packages to have compact structures with excellent heat dissipation characteristics suited to the mounting environment of the customer's product. For example, for power devices like flip-chip packages, it is important to align the layout to reduce connection resistance between the chip and the package in order to enable the supply of large currents.



Layout

When integrating a circuit diagram received from a circuit design engineer into a wafer, the circuit functions and performance must be satisfied while keeping the chip size lean. Based on an understanding of the system, discrete semiconductor devices and blocks are arranged and wiring is routed in consideration of variations and other factors to fully realize circuit performance. This technology ensures reliability by preventing malfunctions caused by external factors such as noise or static electricity.

Circuit design

When designing specifications, we not only listen to customer requirements but also investigate and understand the environment in which the system or application will be used, and the operations or functions expected. We then select the optimal processes and package for these expected specifications.

Circuit design requires techniques that account for variations in specifications and electrical characteristics, and ensure sufficient operating margins. In particular, analog technology requires assembly of circuits by considering the process characteristics of each discrete semiconductor device in transistors.

Employees' Perspective

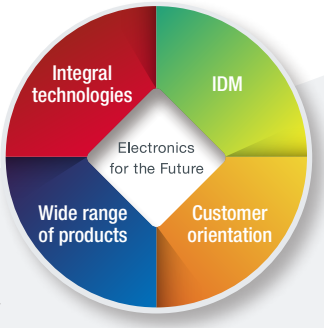
Taking on the challenge of advancing integral technologies with a strong mindset to develop high value-added products

Tetsuo Yamato
Group Leader, PME*G
Power Management & Standard LSI Segment
LSI Business Unit

I work as a Product Marketing Engineer (PME*) for semiconductor switches called Intelligent Power Devices (IPDs). My job involves accurately identifying product market trends and developing products in anticipation of customer needs.

IPDs are products created through coordination between engineers specializing in manufacturing processes, packaging, and circuit design. They realize the previously challenging issues of heat suppression and low on resistance. These advancements were made possible thanks to ROHM's technologies and capabilities accumulated over more than 60 years of history. This technology offers a higher level of protection upon load short circuits and heat generation and is widely used in automotive and industrial equipment applications to improve safety and comfort.

ROHM's engineers have a mindset of gathering experience, element technologies and know-how to develop high value-added products that meet customer and market needs. I also believe that ROHM's great strength is its ability to propose products and solutions that maximize customer value and have a thorough customer support system by gathering technologies accumulated over many years and utilizing integral technologies. Moving forward, we aim to contribute to solving energy issues and reducing environmental impact by developing products that promote energy savings and miniaturization. Additionally, we intend to focus on nurturing highly specialized human resources to further refine our unique development capabilities.



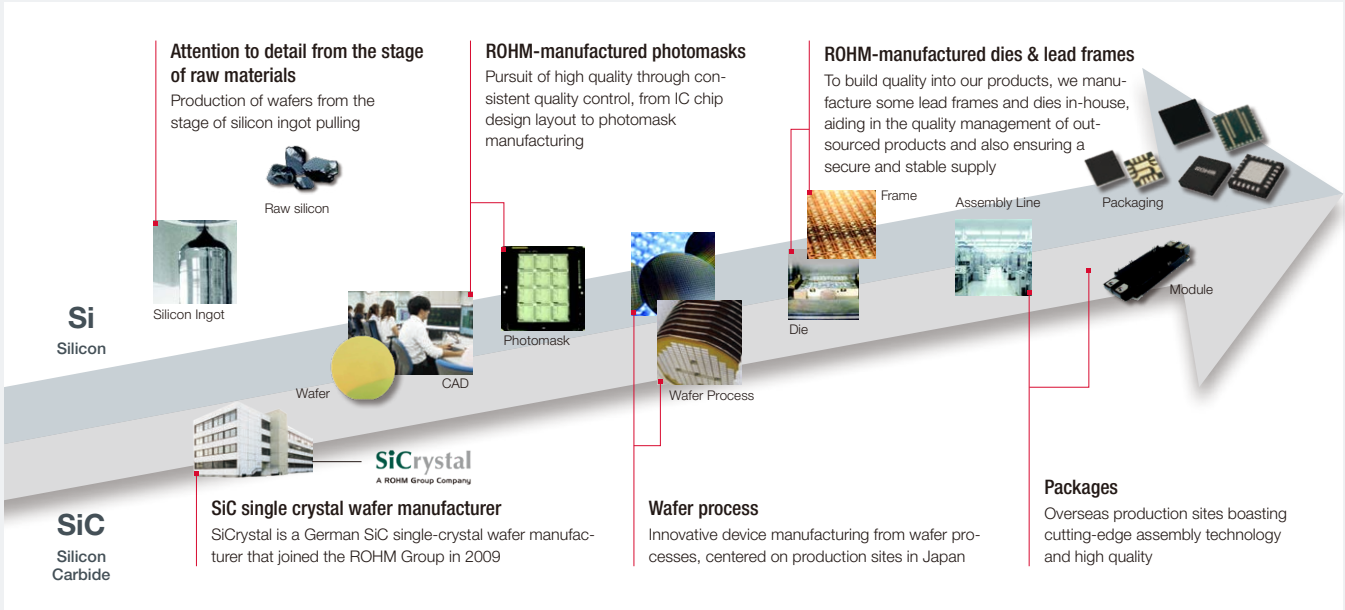
* Explained in the Glossary

IDM Rigorous quality control, stable supply, and cost competitiveness

For over 60 years, ROHM has pursued a quality-first approach to manufacturing. This is supported by our vertically integrated device manufacturing (IDM) business model. We complete all production processes within the Group, from raw materials to finished products, enabling us to establish a consistent quality assurance and stable supply system, and build a Business Continuity Management (BCM*) system that ensures continued supply even in natural disasters and other unexpected situations.

At ROHM, we manufacture in-house items typically outsourced, such as wafers, photomasks, lead frames, and even dies. This enables a level of traceability only possible through IDM and reflects the deep commitment of ROHM employees to the principle of quality first.

Vertically Integrated Production System



Employees' Perspective

Building a next-generation production line unbound by conventional thinking

Our next-generation post-process production line "flexible line*," is based on the concept of an unmanned, high-mix production line. When developing this, we had to significantly change our approach while basing it on existing process controls. ROHM Apollo Co., Ltd., with its expertise in process design, worked together with the Manufacturing Innovation Division and other business divisions at the head office, to realize a completely new production line that defies common practice. The ability to handle all aspects of manufacturing in-house through the IDM business model, including production lines, is ROHM's strength. This model allows seamless feedback of production process insights into design and development, enabling front-loading. Additionally, by developing many of our own production systems and product testing equipment, we can make improvements in production efficiency and reduce costs.

Our production lines are infused with an abundance of technology and know-how accumulated in the development and tuning of manufacturing equipment since our founding, and operate at production sites around the world every day. I feel that the challenges in making further quality and productivity improvements hereon include both an aspect of having not yet achieved what we should, and an aspect of having to choose a new direction if we are to succeed. While steadily working on what we have cultivated so far, I think we should aim to maintain a perspective of breaking through the status quo with ideas that defy conventional thinking like the flexible line.

Yuki Tanaka
Manager, System Department
AP Advanced Manufacturing Division
Hirokawa Plant
ROHM Apollo Co., Ltd.

ROHM's Unique Qualities

Wide range of products — Comprehensive capabilities; from passive components to ICs and power devices

Since our establishment as a manufacturer specializing in small-sized resistors, ROHM has consistently worked to develop unique products. In the 1960s, after gaining recognition for the high quality and reliability of our resistors and steadily increasing sales, ROHM decided to take on the challenge of diving into the field of ICs. However, Japan had few engineers and scarce literature on the subject at that time, making it a daunting challenge for ROHM, which was still a small company. What made this bold endeavor possible and led to the development of groundbreaking ICs was the spirit of challenge passed down from our founder: the belief in actively finding a way forward in the face of any adversity.

In the process of pursuing ambitious goals, ROHM created products such as diodes, transistors, and LEDs one after another. We continued to expand our business areas to include optical devices and modules, and in recent years, have also focused on power devices including SiC. ROHM has continued taking on challenges in response to market and customer needs, expanding its product range. As a result, we are able to offer comprehensive proposals that resolve customer issues.

Product Lineup

ROHM's broad range of products and accumulated technical expertise supports a wide variety of electronic devices and enables us to offer solution proposals and comprehensive technical support to our customers.

Power Management / Power Supply ICs

Motor / Actuator Driver ICs

General-Purpose ICs

Sensor ICs

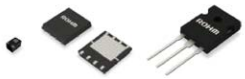
Microcontrollers powered by LAPIS TECHNOLOGY

Video ICs powered by LAPIS TECHNOLOGY

SiC Power Devices

GaN* (Gallium Nitride) Power Devices

Transistors



Diodes

LEDs / Laser Diodes

Resistors

Thermal Printheads

Employees' Perspective

Enhancing our proposal capabilities by leveraging our strength in designing new circuits that combine various products

As a Field Application Engineer (FAE*), my job is to provide technical support and propose applications to customers. Specifically, I offer circuit proposals using ROHM products, provide application support, evaluate device applications, handle customer inquiries, and design evaluation boards and sets. I visit customers with sales and business unit engineers to resolve issues that arise during customer evaluations.

For example, while switching from Si to SiC enables high-speed switching, surges and the like can make SiC unusable. Since ROHM handles both Si and SiC, we can propose products that capture the characteristics of each and match customer needs. In this case, we proposed a circuit combining ROHM's ICs and general-purpose devices, successfully suppressing SiC surges and leading to customer adoption.

I believe our corporate culture that encourages tackling new technologies is unique to ROHM. We can design circuits that combine various products to form new technologies, and incorporate them into customer proposals. To leverage this strength in solving social issues, we need to develop products that customers truly need. I aim to gather feedback from customers about the functions and characteristics that ROHM currently lacks and provide this input to business units to drive next-generation development.

Sae Sugimoto
Automotive High Power Solution G
Electric Power Train FAE Section
FA E2 Department
System Solutions Engineering Headquarters

Customer orientation Solution proposals from the customer's point of view

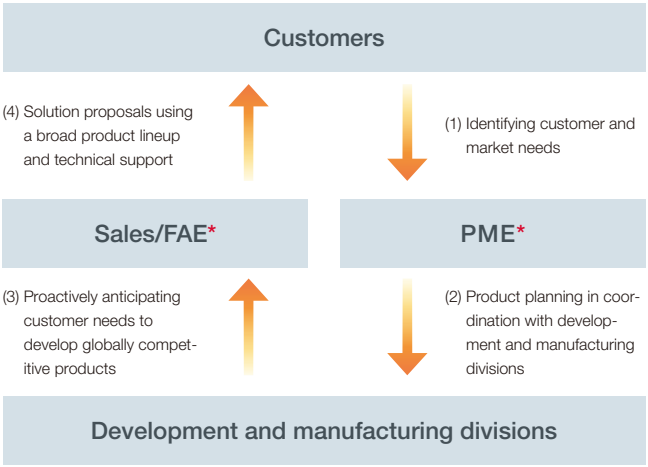
During the 1980s and 1990s, ROHM achieved significant growth through custom ICs. Our strength lay in our ability to respond to the latest needs rapidly and reliably while also developing products that were one step ahead. This proposal-driven business model has been passed down to the present, where we conduct product development and provide proposals with an emphasis on communication with customers.

When determining product development specifications, engineers familiar with both electronic device technology and ROHM's design and manufacturing capabilities carefully consider optimal circuit configurations, characteristics, and reliability to achieve the performance customers seek, also taking into account product functions and features, as well as the configuration of surrounding circuits. In the prototyping stage, we fine-tune characteristics based on customer validation results, enabling us to quickly provide products and solutions that optimize the characteristics of electronic devices.

Additionally, ROHM conducts an annual Quality Satisfaction Survey with customers. By gathering feedback not only on product specifications and quality but also on delivery and support systems, we carefully listen to customer opinions and strive to provide products and services that meet their quality requirements.

Our Ability to Plan and Propose Products that Anticipate Customer Needs

In areas with notable growth, such as xEVs, our strategy is to develop application specific standard products (ASSPs) already equipped with the functions required by markets. It is important to determine how best to incorporate functions based on market needs, and our Product Marketing Engineers (PMEs*) investigate the performance and functions required by markets worldwide and refine product planning accordingly. Field Application Engineers (FAEs*), who are well-versed in customers' development trends and other technical information, are responsible for proposing optimal solutions sought by customers and providing them with detailed technical support. With this dual structure of PMEs and FAEs, we are strengthening our ability to propose solutions on a global basis.



Employees' Perspective

Building trust with customers through our strong commitment to quality

Clint Studebaker
Director of Sales, SW Region
OVERSEAS SALES (USA)
AMERICAN SALES USA WEST

As the Director of Sales for ROHM Semiconductor USA, my work revolves around selling ROHM's products to customers across various applications within the Southwest Region of the USA. This entails understanding the needs and requirements of our customers, providing them with tailored solutions, and ensuring satisfaction throughout the sales process.

An episode that highlighted the strength of ROHM's customer orientation occurred when we were working with a customer who required a highly specialized component. Despite initially facing challenges in meeting the exact specifications, ROHM's engineers collaborated and communicated closely with the customer to understand their requirements thoroughly, and developed a customized solution that not only met but exceeded the customer's expectations. ROHM's culture is customer-centric and customer-oriented. We deliver the highest quality products and services to our customers, and instead of focusing solely on short-term transactions, we prioritize the establishment and maintenance of long-term relationships. This is supported by core values of integrity, trust, and ethical conduct in our interactions. To respond to evolving customer needs and contribute to solving social issues, ROHM must prioritize efforts to further strengthen our customer-oriented values and support systems. By staying true to customer-centric values while also addressing broader societal challenges, I believe ROHM will continue to prosper as a leading semiconductor company.

Message from the President

We will contribute to solving social issues through power and analog semiconductors, and aim to become a company chosen by society and our customers as a major global player.

As efforts to realize a sustainable society accelerate around the world, companies are also emphasizing activities that help solve various social issues, such as environmental problems. For ROHM, these ideas are not new, and we have been contributing to the advancement and improvement of culture through the supply and manufacture of high-quality products based on the Company Mission that we have touted since our founding.

In the more than 60 years since our founding, the size of the company and its business environment have changed dramatically, but our Company Mission has remained constant, passed down from generation to generation as part of ROHM's DNA. With the importance of semiconductors growing as we advance toward the realization of a decarbonized society, we will build a stronger management foundation, both financially and non-financially, in order to meet the expectations of society and our customers and achieve dramatic growth toward FY2030, based on our Medium-Term Management Plan.

My mission as President, carrying on the company's founding spirit

While firmly inheriting the founder's ideas, such as the "Company Mission" and "focus on the field," the company will shift from conventional top-down management to sustainability management that emphasizes dialogue with a variety of stakeholders. In order to grow for the future, we will continue to build our foundations by emphasizing dialogue with our stakeholders and gaining their empathy.

The year 2020, when I became President, was a turning point for both society and for ROHM, with the passing of our founder and the COVID-19 pandemic. In the midst of requirements for great changes, as President, I have emphasized dialogue and unified ROHM to build a foundation for sustainable growth.

This is also the management style that I have always striven for, but it all started when I was transferred to the "Asuka Project," which was launched in 2001. The organization was jointly established by major semiconductor manufacturers in Japan to promote the development of cutting-edge technologies through an all-Japan effort, and brought together engineers from renowned manufacturers. The experience I gained there gave me a good opportunity to rethink my own career as a leader. In an environment filled with engineers with strong eccentricities and personalities, one-sided instructions did not move anyone. I learned that being frank and open with my own thoughts to those around me, while at the same time listening to their thoughts, naturally brings people together. Since then, I have become more conscious of motivating my employees by managing in a way that people can empathize with.

What I also learned from the founder, Kenichiro Sato, was that "the field is the most important." When I was making frequent long-term business trips to our Group companies in the U.S., Mr. Sato would also often visit the same factories and engage in dialogue with each employee. Watching Mr. Sato drilled into me the idea that by being in direct contact with factory operators and observing the field closely, I would be able to have my own thoughts that would be resonant and persuasive to those around me. I will guide ROHM as a leader who is field-oriented and interacts and empathizes with employees, based on my own experience and the teachings of our founder.

Isao Matsumoto

President
(Representative Director),
Chief Executive Officer

Message from the President

Leveraging ROHM's strengths in power and analog semiconductors to become a major global player

Stable growth centered on power and analog semiconductors is anticipated due to the increase in automobile production and the promotion of vehicle electrification. The company aims to become a "major global player" by FY2030 by achieving significant sales growth mainly in the automotive and overseas markets.

In 2021, ROHM launched its Medium-Term Management Plan "Moving Forward to 2025." The formulation of this Medium-Term Management Plan was a new challenge for ROHM. In the Plan, we have set the goal of becoming a "major global player" by FY2030. This means that we will aim to earn the trust and confidence of society and customers with all of our products, including power and analog semiconductors for the automotive and industrial equipment markets, on which we are focusing our efforts; have brand power that makes "ROHM" the first name that comes to mind when customers need semiconductors and electronic components; and be recognized as a company essential to society. These three ideas are built into our ambition. Put simply, the definition is "to continue to be a company that is absolutely necessary in the world." Our quantitative goals are to become one of the world's top 10 companies in the fields of power and analog semiconductors, which we are focusing on, and to achieve net sales of 1 trillion yen.

Backcasting from those goals, we formulated "Moving Forward to 2025" as a five-year plan to build a solid management foundation. Our financial targets for FY2025 are net sales of 600 billion yen or more, operating margin of 20% or more, and ROE of 9% or more. Looking back, the two years from FY2021 started out well in the midst of the pandemic, thanks to special demand for semiconductors and the weak yen. However, in FY2023, the third year, sales and profits were down year on year due to the slowdown in the overall market and inventory adjustments by customers. Net sales increased in the automotive market, our focus market, but fell below the previous year's level in other markets, including the industrial equipment market. Due to a significant increase in the fixed cost burden associated with aggressive investment in the SiC power device business, our operating margin also declined significantly.

We are also expecting extremely tough results for FY2024, due in part to the increase in fixed costs associated with capital expenditures over the past two years. However, we recognize that this is also the bottom of the market now, and we will work to improve earnings once again over the next year. As part of this effort, we changed the duties of our directors in April 2024. This is a time-limited measure to clarify responsibilities in each area of business and to promote much more powerful business execution. Sales and earnings reached a plateau in the third year of the Medium-Term Management Plan, and the company is entering a difficult phase. In such an environment, our directors will be much more closely aligned and united with the field as we resolve to get back on the growth track towards attaining our Medium-Term Management Plan.

On the other hand, our policy of greatly expanding power and analog semiconductors, especially in the automotive and

overseas markets, remains unchanged. In the automotive market there is a high-profile slowdown in the EV market and the current growth rate is slackening. Nevertheless, stable growth centered on our focus fields of power and analog semiconductors is expected, due to the increase in automobile production and the promotion of vehicle electrification. Specifically, in power devices, we aim to achieve the goals of the Medium-Term Management Plan by expanding our market share of SiC power devices in traction inverters for EVs, and by increasing the net sales ratio of strategic top 10 products in ICs, including those of Lapis Technology.* In particular, demand for SiC power devices for EVs is expected to grow steadily in the future, and we believe that quickly establishing a supply system that can stably meet such demand will help us improve our international competitiveness in power and analog semiconductors. Therefore, in the announcement of financial results for FY2023, we announced an increase in growth investment from 600 billion yen to 700 billion yen for the years FY2021 to FY2025, including government subsidies. Capital expenditure percentage in sales continues to be high, and although it is a heavy burden, we believe it is essential to make strategic investments to capture market share in our focus products, particularly SiC power devices.

In order to achieve the goals of the Medium-Term Management Plan and recover our business performance in FY2025, the final year of the plan, we will make a thorough review in FY2024 to build a solid management foundation and enhance our corporate value.

* Effective April 1, 2024, ROHM merged with Lapis Technology, formerly a wholly owned subsidiary of ROHM.

Business model transformation to become a major global player

For further growth, it is essential to reform the business model in readiness for market changes and geopolitical risks. Collaboration with other companies and M&A will always be considered. In preparation for the business alliance with Toshiba's semiconductor business, which has a high affinity with our operations, we will strengthen cooperation in all business activities, including technology development, production, sales, procurement, and logistics, with the aim of increasing the corporate value of both companies.

In becoming a major global player, we must keep an eye on market changes and geopolitical risks. In terms of markets, we operate in the automotive, industrial equipment, and consumer electronics fields, and by region, we operate primarily in Japan, but also in China, other Asian countries, Europe, and the Americas. If we become too biased toward a particular customer or region, sales of the company will plummet when a sudden problem arises. We strive to build a well-balanced business design to avoid such a situation. For example, in the SiC power device business, we are not dependent on a specific regional customer, but have more than 130 worldwide customers who have decided to adopt our products. We intend to take firm measures against geopolitical risks, including the dispersal of our production sites.

In addition, we will promote M&A and collaboration with other companies, while continuing to pursue organic growth as a basic policy. One example is the power semiconductor manufacturing collaboration we are pursuing with Toshiba Electronic Devices & Storage. The project has been approved for a grant from the Ministry of Economy, Trade and Industry as a measure supporting the Japanese Government's target of secure and stable semiconductor supply, and ROHM expects to receive up to 96.4 billion yen.

ROHM and Toshiba have many overlapping business areas, including analog ICs, logic ICs, microcontrollers, and small-signal devices, as well as the power devices where our manufacturing collaboration is already underway. Since the categories of products we focus on are close and have a high affinity for each other, we believe that we can generate significant synergies. Therefore, ROHM participated in taking Toshiba private in 2023. In June 2024, discussions began to enhance the corporate values of both companies by strengthening collaboration in all business activities, including technology development, production, sales, procurement, and logistics, with Toshiba Electronic Devices & Storage's semiconductor business. Over the next year, we would like to move the conversation forward firmly, leading to a better form of collaboration.

We understand that the lack of concrete explanations on this matter has raised concerns from the market. Please understand that we will endeavor to find a path for collaboration as soon as possible, and to communicate the details of such collaboration. Despite the difficult market environment, we will strive to create a solid track record of growth and clearly communicate ROHM's intentions to shareholders and stakeholders.

Message from the President

Improving the quality of the company by achieving human capital management

One of the major issues ROHM needs to address is human capital management, and the Board of Directors began discussing this in earnest in FY2023. We aim to establish a foundation for becoming a major global player by developing human resources and creating a corporate culture that shares the Company's vision and respects people's autonomous growth and diversity.

We believe that in order to become a company trusted by our stakeholders, it is important to improve the quality of the company, and we are promoting the advancement of sustainability management with ONE ROHM. We recognize that human capital management, including DE&I*, is one of the key issues, and the Board of Directors began deep discussions on this issue in FY2023.

The Board first discussed the overall human capital management story. We have set forth our Basic Policy and Management Vision as the company's vision, and our long-term goal is to become a major global player. When we identified the human resources required to achieve this, we came to the conclusion that we need people who share our Corporate Philosophy and vision, and are able to grow autonomously while respecting diversity. The challenge here is to acquire and train such human resources on a global level and to change their awareness. To that end, ROHM has been implementing a variety of initiatives in recent years. One initiative was the establishment of the Human Resources as Business Partner (HRBP) in the Human Resources Department at the head office in April of this year. We will take on the role of working closely with each business and Group company to solve strategic and human resource issues, such as acquiring and developing global talent that will contribute to the sustainable development of the entire group on the world stage. Beyond that, we will also contribute to the development of highly skilled human resources with autonomous and growth-oriented mindsets, and build our foundation for becoming a major global player. A culture of dialogue is indispensable for changing awareness toward respect and mutual recognition of diversity, and we hope to foster an environment and culture in which people can speak frankly regardless of their position.

The Board of Directors will continue to discuss this issue so that it can lead to sustainable business growth and medium- to long-term enhancement in corporate value.

*DE&I: Diversity, Equity, and Inclusion

Further strengthen corporate governance to maximize corporate value

In order to overcome the tough times and achieve the Medium-Term Management Plan, an outside director will chair the Board of Directors and promote governance reform.

ROHM constantly pursues the best corporate governance in order to realize its objectives and policies, including the Company Mission and Basic Management Policy. Based on the recognition that ROHM is supported by all stakeholders, we believe that the company's operations and actions must be rooted in fairness, soundness, and transparency.

Governance reform efforts have produced steady results, including increasing the ratio of independent outside directors and continuing discussions on the composition of compensation and how directors should hold shares in the company. From April 2024, we have asked Tadanobu Nagumo, an outside director, to chair the Board of Directors, a position previously held by the President. When I was chairperson, there were lively exchanges of opinions, but on the other hand, I began to feel uncomfortable with the fact that my comments and thoughts as President would also be those of the Board's chairperson. Mr. Nagumo, who served as President and Chairman of Yokohama Rubber Co., Ltd., has a wealth of knowledge and experience, and a proven track record of proactively promoting global strategies. With Mr. Nagumo as chairperson, it has become easier for me to express my opinions frankly, and I think we have more active discussions than before.

In addition, Ms. Aiko Kozaki, who has been appointed as an outside director, will join the Board of Directors and the Sustainability Management Committee. We look forward to

her advice on how to realize management that integrates both financial and non-financial aspects of the company, based on her extensive experience in business creation through the utilization of her expertise in sustainability finance. We also expect her to actively communicate with our employees and support the creation of an environment in which a diverse range of employees can take on challenges.

In June 2024, we reviewed our policy and system for directors' stock compensation with the aim of further deepening value sharing with our shareholders. In order to become a major global player, we will continue to search for the optimal compensation system that will lead to the sustainable enhancement of corporate value.

To become a company that continues to support people's affluent lives and social development 50 years and 100 years from now

Although it is difficult to predict the future 100 years from now, ROHM will continue to hold on to its founding belief that it will be a company that produces good products and is useful to society.

The outlook for the global economy is uncertain due to a variety of factors, including geopolitical risks. However, in the electronics market, in addition to further promotion of energy-saving measures to combat climate change and to achieve a decarbonized society, investment in factory automation and digitalization is expected to continue in many countries. In particular, in the automotive and industrial equipment markets, which ROHM has been focusing on, technological innovation is progressing with a focus on electrification in order to reduce environmental impact and achieve carbon neutrality. Power and analog semiconductors are key to that process. One of the major developments in recent years has been the spread of AI. There is concern that the spread of AI will expand the demand for servers which consume large amounts of power. I believe that ROHM's power and analog technologies can contribute in that kind of situation as well.

As society and our customers' expectations of us grow, we believe that ROHM's mission is to solve social issues through electronics (products and technologies), and we have clearly stated this in our Statement and Management Vision. Based on them, until around 2050, we will continue to hold on to our desire to be a company that is useful to society by using electronics technology to solve the world's problems and to create products that enrich people's lives. For further years, say 100 years from now, it is of course impossible to predict the future with accuracy. What we can say, however, is that our Company Mission since the foundation of the company, "contributing to the advancement and progress of culture through the consistent supply of good products in large quantities, on a permanent basis both domestically and internationally," will continue.

"High-quality products" 100 years from now might not be electronics, but if we conduct business activities based on our Company Mission, we will create new products that are useful to society. To that end, we will build a solid management foundation. I will take the lead in striving to contribute to the environment and society through our technologies and products under the Basic Management Policy, to "secure reasonable profit through a concerted company-wide effort for a comprehensive quality assurance program."

We thank all of our stakeholders for their understanding and support.

September 2024
President
(Representative Director),
Chief Executive Officer

ROHM's Value Creation Process

ROHM's Company Mission is quality first, focusing on power and analog technologies and seeking to solve social problems and improve corporate value by contributing to our customers' needs for "energy savings" and "miniaturization." By leveraging our ability to plan and propose products that anticipate customer needs, and by promoting integrated business activities from R&D to sales and customer support, we are able to provide products that guarantee the quality level required by our customers.

Social Issues

▶P.24

Technology

Increasing demand for electronic products that respond to social changes

Manufacturing that meets the trust and expectations of our customers

Environment

Negative impacts of climate change

Serious resource depletion

Society

Securing human resources within a declining labor force

Governance

Strengthening our management and business activity foundations

Fulfilling social responsibility throughout our supply chain

Ensuring product safety and strengthening product quality

Material Issues

▶P.26

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

Stable Supply of High-quality Products

Sustainability Priority Issues

Strengthening Sustainable Technologies, Developing and Supplying Innovative Products

Mitigation of Climate Change

Effective Use of Resources

Strengthening Employee Engagement

Diversity Development

Ensuring the Health and Safety of Employees

Enhancing Corporate Governance

Risk Management

Sustainable Supply Chain Management

Strengthening Product Safety and Quality

Inputs

Financial Capital

Equity ratio	65.3%
Market capitalization	937.2 billion yen
Equity	968.1 billion yen
Cash and deposits + securities	244.5 billion yen

Manufactured Capital

Capital expenditures (past 5 years)	475.9 billion yen
Domestic production bases	12
Overseas production bases	9
Manufacturing technology development (internal development to improve production efficiency)	
Capital expenditures for increasing production capacity (past 5 years)	252.9 billion yen
Capital expenditures for quality improvement (past 5 years)	10.4 billion yen

Intellectual Capital

Expertise accumulated in-house over many years of development	
R&D expenses as a percentage of sales	9.5%
Universities we have industry-academic partnerships with	28
Industry-academia collaborative research projects	50
Number of patents held (FY2022 results)	9,310

Human Capital

Employees (consolidated basis)	23,319
Of these, 16,606 are foreign employees	
R&D personnel	3,170
Percentage of female employees	27.7%
New graduates hired	163 (non-consolidated basis)
Mid-career hires	86 (non-consolidated basis)
Engineers (STEM*-related positions)	2,399 (non-consolidated basis)

* Science, Technology, Engineering and Mathematics

Implementing training to disseminate the Company Mission and Basic Management Policy

Social Capital

ROHM brand in the semiconductor market cultivated over many years

Trusting relationships with customers/suppliers

Natural Capital

Quantity of water intake	11,588,000 m^3

Total energy use

Total consumption of non-renewable energy	917,000 MWh
Total consumption of renewable energy	700,000 MWh

*FY2023 actual values

Business Model

▶P.20

ROHM's strengths

▶P.8

Integral technologies

IDM

Growth Strategy / Medium-Term Management Plan

Wide range of products

Customer orientation

"MOVING FORWARD to 2025"
▶P.28

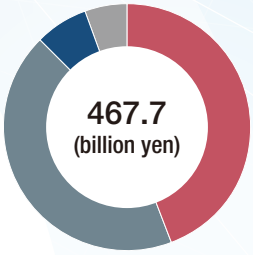
Impact

Development of products that contribute to energy conservation ›› Contributing to motor and power supply efficiency improvements

Development of products that contribute to miniaturization ›› Material and waste reduction

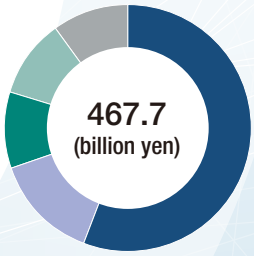
Outputs

Sales by Segment in FY2023



ICs	207.2 billion yen	44.3%
Discrete semiconductor devices	201.9 billion yen	43.2%
Modules	32.9 billion yen	7.0%
Other	25.7 billion yen	5.5%

Sales by Region in FY2023



Japan	261.3 billion yen	55.9%
China	65.2 billion yen	14.0%
Other Asia	46.2 billion yen	9.9%
USA	48.8 billion yen	10.4%
Europe	46.0 billion yen	9.8%

Outcomes

Economic Value

Financial Capital

Shareholder return	50 yen/share
Total return ratio	73%
Total shareholder returns (TSR) over the last 10 years	+146.9% (9.5% annually)
Share buybacks	20.0 billion yen
Amount of tax paid	31.8 billion yen (27.4 billion yen in Japan)

Social Value

Manufactured Capital / Intellectual Capital / Human Capital / Social Capital / Natural Capital

Number of patents held	9,589 (increased by 279 year-on-year)
Customer quality satisfaction score	3.72/5 points
Percentage of women in management positions	13.0%
Percentage of male employees taking childcare leave (non-consolidated basis)	55.6%
Average annual percentage of employees taking paid vacation (non-consolidated basis)	81.7%
Average annual hours of human resource development training per person (non-consolidated basis)	9.6 hours
Average annual amount of human resource investment per person (non-consolidated basis)	33,142 yen
Percentage of purchases from suppliers with completed comprehensive supplier activity evaluations	87.5%
Percentage of purchases from suppliers with CSR procurement self-assessment rating of B or higher	80.6%
Water discharge	9,881,000 m^3 (decreased by 359,000 m^3 year-on-year)
Greenhouse gas (GHG) emissions	6,767,000 t-CO_2 (decreased by 2,154,000 t-CO_2 year-on-year) * Including Scope 3
Total waste volume	14,606t (decreased by 2,114 t year-on-year)
Waste recycling rate	98.6% (increased by 0.6 percentage points year-on-year)
Donations (including sponsorships) (non-consolidated basis)	379.8 million yen

*FY2023 actual values

Refining Our Value Chain

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

1. R&D ▶P.40

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

Major Capital and Resources

Human capital
Human resources portfolio for R&D

Intellectual capital
Technology portfolio for R&D themes, industry-academia collaboration

Social capital
Collaboration with customers/suppliers

Financial capital
Financial foundation supporting R&D
→ R&D expense ratio: up to 9% of net sales

ROHM's Features and Strengths

- Strategic development of R&D themes to expand existing products and technology portfolio
- Development capability to maximize value by integrating elemental technologies
  →R&D system in cooperation with product development and manufacturing divisions
- Open innovation
- Research advancing themes in industry-academia collaboration

Action Areas for Further Strengthening

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

Strengthening Sustainable Technologies, Developing and Supplying Innovative Products

- Business expansion in new/key markets by utilizing corporate venture capital (CVC*), etc., and planting seeds for new market development
- Securing highly skilled technical human resources through the introduction of a specialist system
- Strengthening front-loading by promoting AI-based R&D

2. Product Planning ▶P.8, 11

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

Major Capital and Resources

Human and intellectual capital
PME* (Human resources with a thorough knowledge of cutting-edge technologies and the authority to develop new products)

Social capital
Trusting relationships with customers

Intellectual capital
Accumulated knowledge of market needs and customer requirements

ROHM's Features and Strengths

- Advanced integral technologies from experienced product developers
- Ability to plan products that anticipate customer needs
- Serving customers around the world by dispatching our PMEs to overseas centers

Action Areas for Further Strengthening

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

Strengthening Sustainable Technologies, Developing and Supplying Innovative Products

- Enhancing/developing PME human resources
- Increasing PME headcount (planning and development of unique products)

3. Product Development ▶P.8, 10, 11

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

Major Capital and Resources

Human and intellectual capital
Abundant development human capital meeting customer needs

Intellectual capital
Extensive core technologies utilizing IDM*

Social capital
Trusting relationships with customers

ROHM's Features and Strengths

- High-value-added product development utilizing IDM in cooperation with manufacturing divisions
- Product development pursuing energy savings/miniaturization and functional safety
- Circuit design and product development capabilities with a focus on power and analog
- Test development for ensuring high-quality products

Action Areas for Further Strengthening

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

Strengthening Sustainable Technologies, Developing and Supplying Innovative Products

- Enhancing/developing product development human capital
- Securing highly skilled technical human resources through the introduction of a specialist system
- Enhancing the ratio of sales to overseas customers through strengthened development of high-value-added products

Stable Supply of High-quality Products

Strengthening Product Safety and Quality

▶P.39

Material issues

* Explained in the Glossary

6. Sales/Customer Support ▶P.10, 11

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

Major Capital and Resources

Human and intellectual capital
FAEs*, sales human resources

Social capital
Trusting relationships with customers

ROHM's Features and Strengths

- Solution proposals from the customer's point of view
- Sales human resources capable of QCDS (Q: Quality, C: Cost, D: Delivery, S: Service/Satisfaction)
- Strong trusting relationships with customers through direct sales, customer-focused systems

Action Areas for Further Strengthening

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

Strengthening Sustainable Technologies, Developing and Supplying Innovative Products

- Proposing solutions through the integrated work of our sales teams and FAEs to increase the proportion of sales made to overseas customers
- Improving efficiency in taking in customer needs and increasing customer quality satisfaction scores by leveraging digital transformation (DX)
- Diversifying sales channels by utilizing trading companies, etc.
- Increasing brand awareness

5. Manufacturing ▶P.9, 38

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

Major Capital and Resources

Human and intellectual capital
Accumulated human resources in the areas of process technology and manufacturing technology, plus expertise in manufacturing technology

Social capital
Trusting relationships with customers/suppliers

Financial capital
Robust financial foundation enabling flexible capital investment

Manufacturing capital
A worldwide production network

Environmental capital
Water, electricity, metals, gases, raw materials, etc.

ROHM's Features and Strengths

- Manufacturing technology development capabilities with a focus on power and analog
- Robust quality assurance and supply system based on integrated manufacturing system of front-end, back-end, and testing processes
- Actively introducing renewable energy in manufacturing processes

Action Areas for Further Strengthening

Risk Management

Mitigation of Climate Change

Ensuring the Health and Safety of Employees

Effective Use of Resources

- Reducing GHG emissions, water resources used, and waste volume, and conducting rigorous chemical substance management
- Accelerating productivity improvement and automation of assembly process (utilizing elemental technologies of flexible lines*)
- Using multiple manufacturing sites and OSAT*
- Promoting zero defects

4. Procurement ▶P.66

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

Major Capital and Resources

Human and intellectual capital
Procurement human resources ensuring quality of ROHM products

Intellectual capital
Accumulated procurement expertise supporting a broad product lineup

Social capital
Trusting relationships with suppliers

Environmental capital
Procurement of environmentally friendly components and materials

ROHM's Features and Strengths

- Trusting relationships and alliances with suppliers
- Centralized management of the procurement network from raw materials to finished products
- Taking measures against risk components such as advance arrangements and market monitoring of industry trends (for raw materials such as wafers, photomasks, lead frames)
- Stable supply chain management through multi-supplier purchase

Action Areas for Further Strengthening

Sustainable Supply Chain Management

Effective Use of Resources

Risk Management

- Strengthening procurement from suppliers with a BCM* system/ESG initiatives in place
- Rapidly investigating impact of emergency situations through understanding of the supply chain
- Improving the cash conversion cycle (CCC)

Building Value Together with Stakeholders

ROHM aims to become a major global player that continues to be chosen by its stakeholders by solving environmental and social issues. To achieve this goal, we are working to strengthen our relationship of trust with our stakeholders by proactively creating opportunities to communicate with them and meet their various expectations.

	Relationships with stakeholders
Customers	ROHM works to build trusting relationships with final product and component manufacturers in the automotive, industrial, and consumer appliance industries by providing high-quality products. In addition, through joint research and development with our customers, we aim to create new value. We also work to maintain strong relationships with trading companies.
Employees	The Basic Management Policy of ROHM is "to search extensively for capable human resources and cultivate them as cornerstones for building long-term prosperity." The history, technology, and other assets established since our foundation are of huge importance to our company, but the driving force behind these assets is our people. That is why we invest in the growth of our employees to maximize their potential, and provide an environment in which wide-ranging talented individuals can thrive and create a virtuous circle that drives further employee and company growth.
Suppliers	Stable and reliable high-quality manufacturing not only relies on the stable procurement of high-quality components and supplies, but also requires corporate social responsibility (CSR) in procurement. ROHM works to ensure that our procurement takes account of environmental, labor, and ethical issues. We focus on building trusting, cooperative relationships with our suppliers that facilitate the sustainable growth of both parties.
Shareholders and Investors	ROHM prioritizes mutual dialogue-based communication with shareholders and investors. We provide timely disclosure, and work to maximize corporate value by feeding back the expectations and opinions of investors and shareholders into our operations.
Social and Environmental Contribution	Since its founding, ROHM has strived, as a responsible corporate citizen, to contribute to the healthy development of society, engaging deeply with the communities that host its operations. We work to address the needs of local communities and wider society, contributing to the further advancement of society and culture and the creation of an improved social environment.

Stakeholder expectations	Dialogue methods and opportunities	Examples of major stakeholder initiatives
• Improving the value of customers' products • Meeting requests to facilitate new products or improve existing products • Achieving optimum product quality • Providing a stable supply of products • Appropriately disclosing our product information	• Promoting our products through customer visits and online consultations • Taking part in exhibitions • Holding product briefing meetings and technical exchange events • Engaging in joint R&D • Conducting surveys on customer quality satisfaction	• Improving our systems for proactively gaining an understanding of customers' needs and linking those needs to product planning ▶P.8, 11 • Providing comprehensive solutions to customers' need for miniaturized products with low energy usage ▶P.10, 11 • Improving customer quality satisfaction score and harnessing the results of that survey to produce improvements ▶P.39
• Ensuring health and safety in the workplace • Respecting human rights and eliminating discrimination • Developing human resources and making full use of our employees' talents • Respecting diversity • Realizing the well-being of employees	• Conducting engagement surveys • Conducting employee attitude surveys • Engaging in direct dialogue with the company president • Holding internal earnings release briefings • Providing a compliance hotline (whistleblowing system)	• Enhancing job satisfaction by fostering a corporate culture that creates challenges ▶P.46 • Improving the scores in our engagement survey and harnessing the results to produce improvements ▶P.48 • Promoting diversity ▶P.48, 49 • Ensuring the health and safety of employees ▶P.49
• Ensuring thorough fairness and transparency in our transactions • Upholding our commitment to human rights, labor, health and safety, and environmental protection throughout our global supply chain • Ensuring all our suppliers maintain a reliable business continuity plan (BCP) • Promoting green procurement	• Engaging in face-to-face/online procurement activities • Conducting due diligence in procurement through the following activities: Briefing meetings for the promotion of CSR procurement CSR procurement audits CSR procurement self-assessment (CSR survey) • Providing a supply chain hotline	• Increasing CSR procurement from suppliers with strong BCM and ESG systems ▶P.66 • Understanding our supply chain to facilitate rapid investigations into the impacts of unforeseen events ▶P.67
• Improving corporate value • Generating shareholder returns that exceed the cost of capital • Fair, appropriate and timely disclosure • Achieving strong corporate governance	• Holding Annual General Meetings of Shareholders • Holding executive-led briefing meetings for analysts and institutional investors (2)* • Holding face-to-face and online IR briefing meetings (more than 550 times)* • Holding factory tours (15)* * Number of times held in FY2023	• Feeding back the opinions and requests received through our IR activities to our management and reflecting them on operations ▶P.85 • Improving our disclosure and IR tools to promote more substantial dialogue with shareholders and investors ▶P.85 • Expanding our disclosure on ESG initiatives ▶P.26
• Reducing our footprint and protecting the natural environment • Contributing to the development of each community through participation in activities that meet each community's needs • Collaborating with NPOs and other organizations that contribute to society • Engaging in other activities for the benefit of society	• Reducing environmental impacts from our manufacturing and business activities • Contributing to society based on the following three areas - Support for education (visiting schools to hold lectures, etc.) - Environmental protection (improving the environment through tree-planting and providing environmental education by creating a biotope on company premises) - Cultural and community exchange (support for music)	• Reducing GHG emissions, water resource usage, and waste production, thoroughly controlling the use of chemical substances ▶P.60 • Promoting stronger dialogue with communities hosting our facilities, supporting biodiversity ▶P.61, 71

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.

		Social Issues (Demands from Stakeholders)	Details of Risks and Opportunities
	Technology	Increasing demand for electronic products that respond to social changes	**Risks** Medium- to long-term 1 Intensifying competition to develop energy-saving and miniaturized devices Medium- to long-term 2 Decreasing market share due to appearance of competition, including in emerging countries **Opportunities** Medium- to long-term 3 Increasing numbers of electronic components installed in electronic equipment due to their increasing functionality and the growing need for energy savings
	Technology	Manufacturing that meets the trust and expectations of our customers	**Risks** Short- to medium-term 1 Decreasing trust due to failure to meet customer quality requirements **Opportunities** Short- to medium-term 2 Growing need for quality assurance
Sustainability Priority Issues	Environment	Negative impacts of climate change Serious resource depletion	**Risks** Medium- to long-term 1 Decreasing sales due to stagnation in development of products that contribute to energy saving and miniaturization Short- to medium-term 2 Soaring material prices and restrictions on production activities due to resource shortages (rare metals, water, etc.) Medium- to long-term 3 Mandatory GHG emissions reductions and full-scale carbon taxation of GHG emissions Medium- to long-term 4 Adverse effects on the environment due to lack of chemical substance management **Opportunities** Short- to medium-term 5 Rising demand for electronic components due to growing new automobile sales in the electric vehicle (xEV) market Medium- to long-term 6 Expansion in sales for the industrial equipment market, such as products for use in solar panels, with the introduction of renewable energy
Sustainability Priority Issues	Society	Securing human resources within a declining labor force	**Risks** Short- to medium-term 1 Intensifying competition to secure human resources and sluggish retention rates Short- to medium-term 2 Decreasing human capital capabilities due to delays in reforming legacy personnel systems and corporate culture Short- to medium-term 3 Negative impact on employees due to occupational accidents and work-related illnesses
Sustainability Priority Issues	Governance	Strengthening our management and business activity foundations	**Risks** Short- to medium-term 1 Occurrence of incidents due to legal/business ethics violations, etc. Medium- to long-term 2 Stricter shareholder evaluations of management due to growing ESG investment, etc. Medium- to long-term 3 Increase in number of large-scale disasters (earthquakes, flooding, typhoons, fires, etc.) Short- to medium-term 4 Delays in responding to cyberattacks and information leaks from security breaches Short- to medium-term 5 Litigation, including infringement of intellectual property such as patent rights owned by other companies **Opportunities** Short- to medium-term 6 Ensuring management stability through a robust financial foundation
Sustainability Priority Issues	Governance	Fulfilling social responsibility throughout our supply chain	**Risks** Short- to medium-term 1 Suspension of stable supply to customers due to shutdown or decline in utilization rates at manufacturing sites Short- to medium-term 2 Suspension of transactions with overseas companies and supply of materials such as rare metals due to changes in international affairs Short- to medium-term 3 Compliance violations due to human rights violations in the supply chain or procurement of banned substances
Sustainability Priority Issues	Governance	Ensuring product safety and strengthening product quality	**Risks** Short- to medium-term 1 Quality problems due to inadequate quality control system

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

* Explained in the Glossary

Responses to Risks and Opportunities	Material Issues
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.8, 10, 40	Evolution of Technologies to Contribute to the Advancement and Progress of Culture
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.9, 39	Stable Supply of High-quality Products
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.60, 62	Strengthening Sustainable Technologies, Developing and Supplying Innovative Products Mitigation of Climate Change Effective Use of Resources
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.46	Strengthening Employee Engagement Diversity Development Ensuring the Health and Safety of Employees
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 ▶P.78	Enhancing Corporate Governance
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.30, 42, 86	Risk Management
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.66, 86	Sustainable Supply Chain Management
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.39	Strengthening Product Safety and Quality

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.

		Material issues	Value for ROHM to create	Initiatives
	Technology	Evolution of Technologies to Contribute to the Advancement and Progress of Culture	• Reduce environmental burden caused by promotion of automobile electrification • Save labor and improve production efficiency through evolving production equipment functionality	• Develop new, high-value-added products that contribute to energy saving and miniaturization • Strengthen development structures creating products that can compete globally: Assigning PMEs • Customer-oriented solution proposals using comprehensive capabilities from passive components to power devices and ICs
	Technology	Stable Supply of High-quality Products	• A supply chain providing stable supply	• Strengthen production systems through IDM activities • Improve productivity by introducing flexible lines • Implement rigorous quality control and employee quality training
Sustainability Priority Issues	Environment	Strengthening Sustainable Technologies, Developing and Supplying Innovative Products	• Realize a recycling-oriented society	• Contribution by developing energy-saving products and supplying them to the market • Contribution by developing and supplying miniaturized products • Contribution by developing and supplying products pursuing functional safety
Sustainability Priority Issues	Environment	Mitigation of Climate Change	• Reduce environmental impact by reducing GHG emissions	• Reduction in GHG emission • Reduction of energy consumption • Promotion of introduction of renewable energy
Sustainability Priority Issues	Environment	Effective Use of Resources	• Realize a recycling-oriented society through effective use of resources	• Water resource consumption reduction • Reduction of waste
Sustainability Priority Issues	Society	Strengthening Employee Engagement	• An organization of challenge, improve motivation • Developing professional human resources with an autonomous, growth-oriented mindset • Realizing well-being of each employee	• Foster a corporate culture that creates challenges • Enhancement of job satisfaction • Improve employee engagement scores
Sustainability Priority Issues	Society	Diversity Development		• Promote women's active participation • Global capacity development and personnel allocation
Sustainability Priority Issues	Society	Ensuring the Health and Safety of Employees		• Securing a safe workplace • Promotion of health management
Sustainability Priority Issues	Governance	Enhancing Corporate Governance	• Build trusting relationships with society through correcting information imbalances and effective governance	• Secure diversity of the Board of Directors • Review of compensation system to improve medium- to long-term corporate value • Secure the effectiveness of management
Sustainability Priority Issues	Governance	Risk Management	• A supply chain providing stable supply	• Strengthening BCM system
Sustainability Priority Issues	Governance	Sustainable Supply Chain Management		• Strengthening BCM system • Promotion of green procurement • Promotion of CSR procurement activities
Sustainability Priority Issues	Governance	Strengthening Product Safety and Quality		• Establishment and entrenchment of a quality assurance system through front loading • Achieving appropriate quality by incorporating the customer's perspective

Process for identifying sustainability priority issues

STEP1 Identifying Sustainability Priority Issues Candidates → STEP2 Evaluation from a Stakeholder Perspective → STEP3 Identifying and Prioritizing Priorities → STEP4 Approval

Identifying Sustainability Priority Issues https://www.rohm.com/sustainability/sustainability_issues

FY2023 results	Main KPIs (Medium-Term Management Plan)	SDGs
· Net sales: **467.7 billion yen** · IC strategic top 10 products sales ratio: **31%** · Percentage of sales to customers outside Japan: **44.1%** · SiC sales: approx. **40.0 billion yen**, **6.4%** market share	· Achieve net sales of **more than 600.0 billion yen** as the total amount of social contribution* (FY2025 target) · IC strategic top 10 products sales ratio: **35%** (FY2025 target) · Percentage of sales to customers outside Japan: **More than 50%** (FY2025 target) · SiC sales: **More than 220.0 billion yen, 30%** market share (target from FY2027 onward)	
· Capital expenditures for quality improvement: **1.2 billion yen** · Capital expenditures for increasing production capacity: **97.7 billion yen** · Mass production and technical verification underway on flexible lines (overall equipment efficiency: achieved more than 85%; unmanned at night: 6 hours continuous operation achieved)	· Investments for growth over five years: **700.0 billion yen** (FY2025 target) · 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).	
· Net sales: **467.7 billion yen**	· Achieve net sales of **more than 600.0 billion yen** as the total amount of social contribution* (FY2025 target)	
· Reduced GHG emissions by **34.9%** vs. FY2018 levels · Reduced GHG emissions per unit by **44.5%** vs. FY2018 levels · **43.0%** introduction of renewable energy completed	· Reduce GHG emissions by **50.5%** vs. FY2018 levels (FY2030 target) · Reduce emissions per unit by **45.0%** vs. FY2018 levels (FY2030 target) · Promote the shift to renewable energy with the goal of **100%** implemented (FY2050 target)	
· Increased water recovery and reuse rate by **2.4%** vs. FY2019 levels · Recycling rate of **98.6%** for consolidated companies worldwide	· Increase water recovery and reuse rate by **5.5%** vs. FY2019 levels (FY2030 target) · Zero emissions (waste recycling rate of 99.0% or higher) on a worldwide consolidated basis (FY2030 target)	
· Introduced program for attainment of Master of Business Administration (MBA) and other qualifications · Introduced job posting system, with the result of transfer of about 50 persons to requested departments · Conducted second engagement survey at the Head Office	· Establish a system to train world-class next-generation leaders and professionals (FY2025 target) · 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)	
· Female manager ratio for the ROHM Group: **13.0%** · Implemented job evaluations and prepared job descriptions for global executive positions across the Group	· Increase female manager ratio for the Group to **15.0%** by FY2025 and to **20.0%** by FY2030 · Accumulate strategic data on evaluation, remuneration, promotion, and assignment	
· Lost-workday injuries (at least four workdays lost): 5 cases	· Achieve and maintain **zero** lost-workday injuries in the Group (FY2025 target)	
· **Maintained a 23%** ratio of female and foreign directors (ratio of female directors: **15%** and ratio of foreign directors: **8%**) · **Achieved a 54%** ratio of independent outside directors on the Board of Directors · 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 · Began the use of evaluations by outside agencies in FY2022; continued the use of outside agencies in effectiveness evaluations conducted in March 2024	· Increase the ratio of executives who are female and/or foreign nationals to **10%** (FY2025 target) · Increase the number of independent outside directors to a majority of the Board of Directors (FY2025 target) · Introduce a remuneration system linked to the Medium-Term Management Plan (FY2025 target) · Conduct evaluations by outside agencies once in three years (FY2025 target)	
· Monitored signs of emerging risks and the progress of relevant countermeasures · Conducted information gathering and monitoring and enacted countermeasures in response to growing geopolitical risks	· Strengthen the BCM system through company-wide risk management	
· Percentage of purchases from suppliers with completed comprehensive supplier activity evaluations: **87.5%** · Manufacturing site survey ratio for tier 1 suppliers: **71.0%** · Prior agreement ratio for emergency response among key suppliers: **78.0%** · Percentage of purchases from suppliers with CSR procurement self-assessment rating of B or higher: **80.6%**	·Percentage of purchases from suppliers with completed comprehensive supplier activity evaluations: **More than 90%** (FY2025 target) · Manufacturing site survey ratio for tier 1 suppliers: **100%** (FY2025 target) · Prior agreement ratio for emergency response among key suppliers: **100%** (FY2025 target) · Percentage of purchases from suppliers with CSR procurement self-assessment ratings of B or higher: **More than 90%** (FY2025 target)	
· FY2023 customer quality satisfaction score **improved by 4.5%** · Percentage of "Satisfactory" and "Somewhat satisfactory" responses **improved by 7.0%** (Reason: improvement in the "automotive on-board devices support" and "application for change" scores due to positive outcomes from improvement activities) · "Unsatisfactory"and "Somewhat unsatisfactory" response selection rate: **decreased by 0.6%** * All three items above are calculated relative to FY2020	· Customer quality satisfaction score: **+10%** (FY2025 target vs. FY2020)	

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.

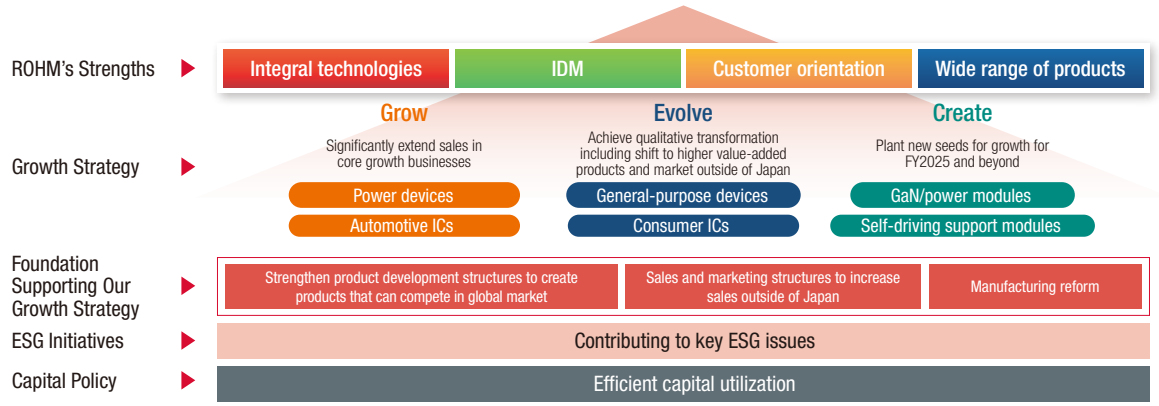
The positioning and goals of our Medium-Term Management Plan

"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.

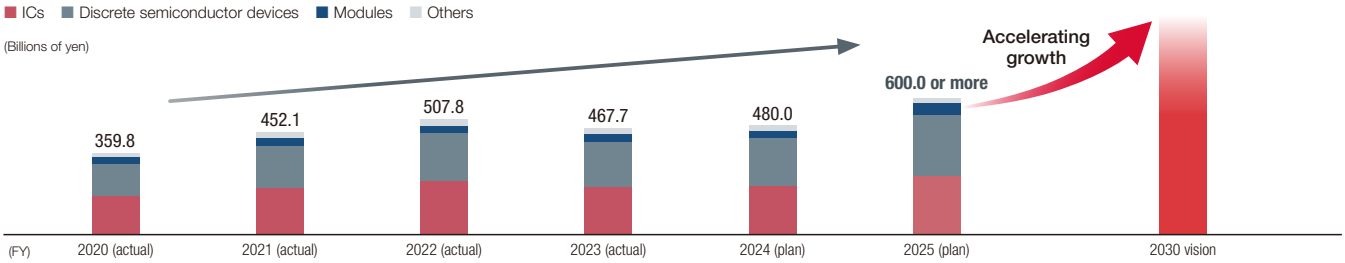
Overview of Management Policy

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 → Become a major global player



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

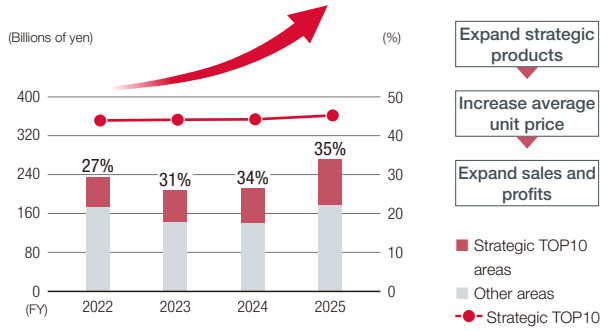
Progress on the Growth Strategy

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.

Percentage of sales and gross margin in the strategic TOP10 areas



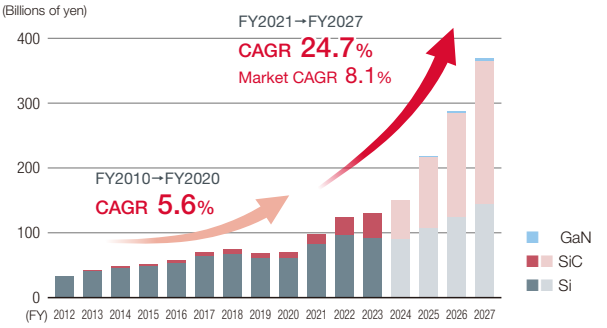
*Forecast based on an exchange rate of 145 yen to the US dollar
*GPM is calculated with planned cost

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.

Power Devices Sales



*Forecast based on an exchange rate of 145 yen to the US dollar

Progress on Non-Financial Goals

	Goals	Main Initiatives in FY2023	Main Results in FY2023
Environment ▶P.60	● Reduce GHG emissions by 50.5% by FY2030 (vs. FY2018 levels)	• Upgraded to highly efficient chiller at plant in Thailand • 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 ▶P.46	● Reach global female manager ratio of 15% or higher ● 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% • 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 • 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 ▶P.39	● 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.

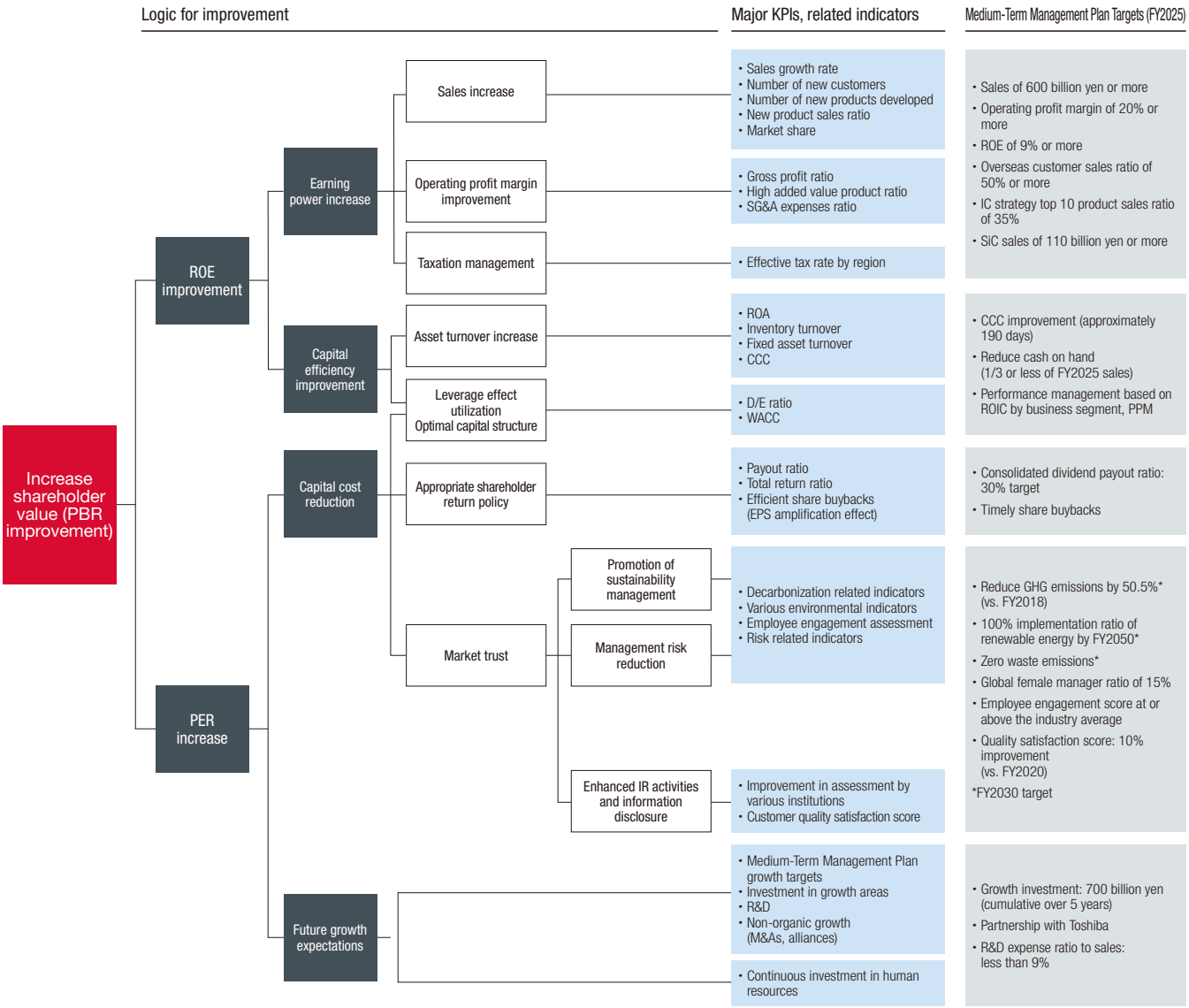
Financial Position

	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≒ROE×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 positing 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%.

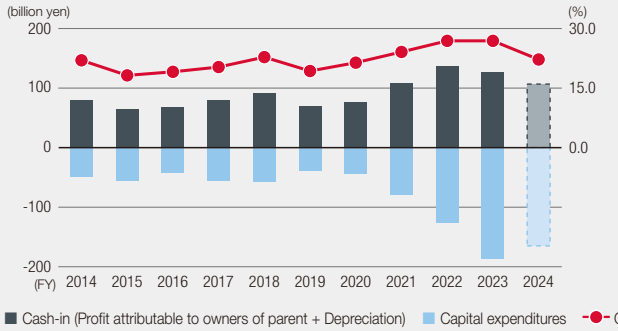
The next few years will be a phase of proactive investment aimed at strengthening business growth and future cash generating ability. However, we will review the balance between investment and shareholder returns according to the progress of future business growth.

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.

Investment for Growth and Returns to Shareholders

- Increase 5-year growth investment total of 600 billion yen to 700 billion yen by compensating decrease in operating CF due to deteriorating market conditions with government subsidies
- Participated in Toshiba's privatization by financing 300 billion yen. Plan to enhance corporate value by strengthening collaboration in semiconductor business
- Issued CBs to partially repay bridge loan taken out in connection with participation in Toshiba's privatization
- Redemption of remaining bridge loan and face value of CBs maturing in Dec. 2024 will be funded with liquidity on hand or debt financing (bank loans, bonds)
- No changes in policy for returns to shareholders
- Accelerate use of cash on hand, revised plan to less than 1/3 of annual sales from initial plan of less than 1/2

Cash Flow Balance



Cash Allocation (Medium-Term Management Plan from FY2021 to FY2025, five-year cumulative)

Returns to shareholders
- Dividend payout ratio on a consolidated basis: approx. 30%
- Timely share buybacks to improve capital efficiency

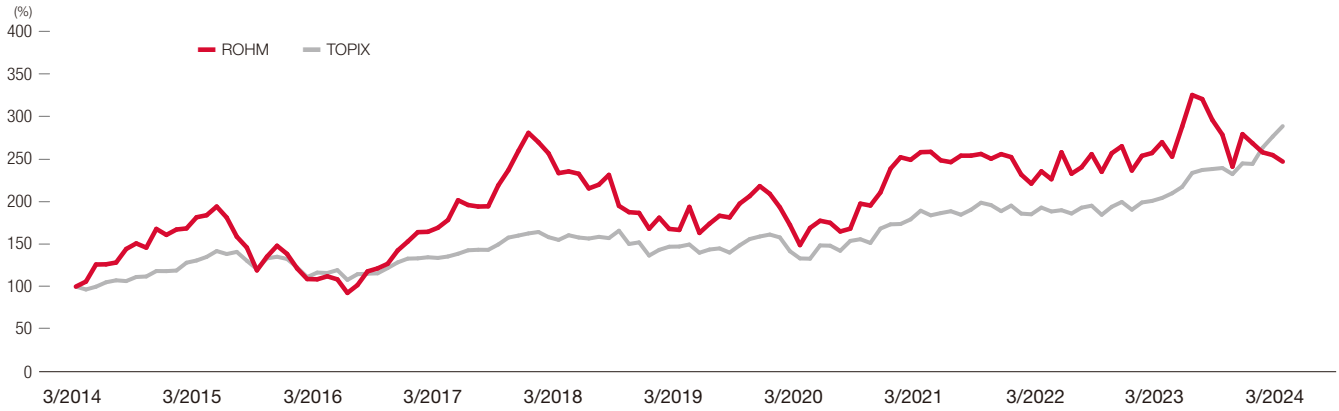
Investment for growth
- Increase production capacity of 8-inch SiC power devices
  - New production building at ROHM Apollo's Chikugo Plant
  - LAPIS Semiconductor's Miyazaki Plant No. 2 (new site establishment)
- Expand 12-inch IC Bi-CDMOS manufacturing lines

IN	OUT
Cash flow from financing activities 300 billion yen	Strategic investment (Toshiba) 300 billion yen
	Returns to shareholders
Cash flow from operating activities + government subsidies Approx. 650 billion yen	Growth investment (Capital investment) 700 billion yen
Liquidity on Hand* Approx. 320 billion yen	Cash on hand

*As of the end of FY2020

1/3 or less of annual sales

TSR (10 years, dividends included)



	1 year	3 years		5 years		10 years	
		Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
ROHM	-9.6%	-4.7%	-1.6%	+53.6%	+9.0%	+146.9%	+9.5%
TOPIX	+41.3%	+52.5%	+15.1%	+96.2%	+14.4%	+188.6%	+11.2%

* 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

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.

with Engineers

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

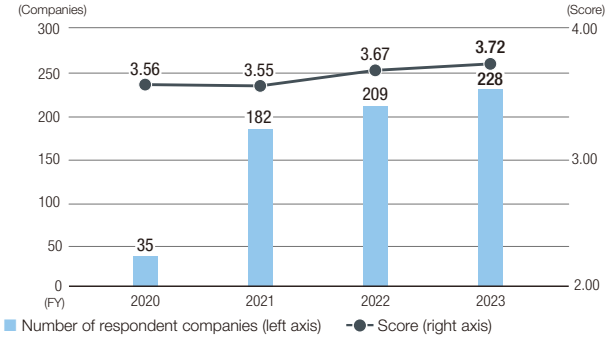
Takashi Miki
Corporate Officer,
Director of Corporate Quality Headquarters

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.

Our R&D Structure and Resource Allocation

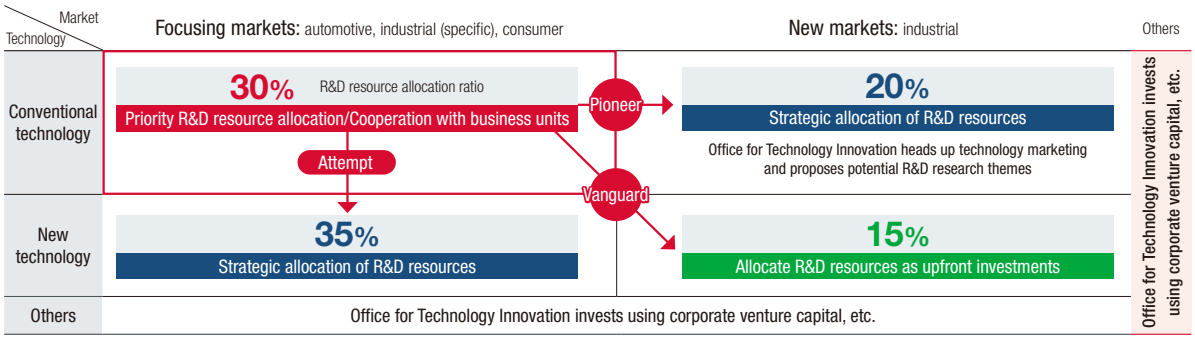
Portfolio management is necessary for R&D in companies, which face demands for business growth. Accordingly, ROHM divides its technologies and its markets into the existing and the new, and uses the resulting four-quadrant matrix to visualize the allocation of R&D resources. To devote more resources 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 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.

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.

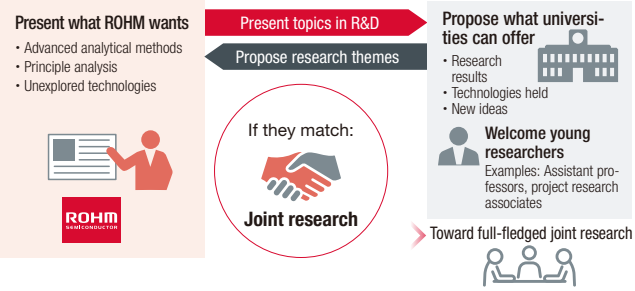
Enhancing the capabilities of our human resources boosts the level of activity in our R&D. We continue to invest in technology and people for the future by means that include acquiring cutting-edge technology through joint R&D with universities and other research institutions, and providing environmental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

Engineer Social Hub

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-MCZSFRA36TQZBXDJUAYB3ETWN6YA?language=ja

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

ROHM's compact terahertz device

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.

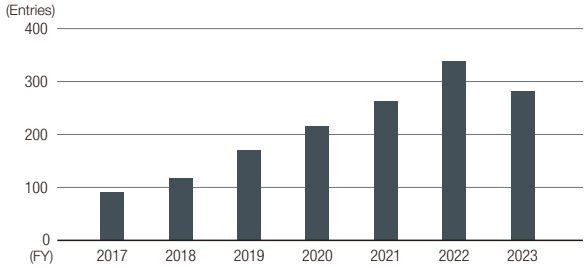
Patent Strategy to Become a Major Global Player

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.

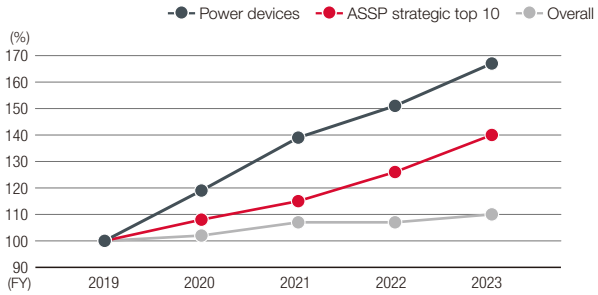
At ROHM, we have been registering know-how in an internal database since FY2016 to utilize it as shared wisdom rather than individual expertise. The number of registered know-how entries is increasing every year with less than 100 entries in FY2017 growing to over 300 in FY2022. The registered know-how 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

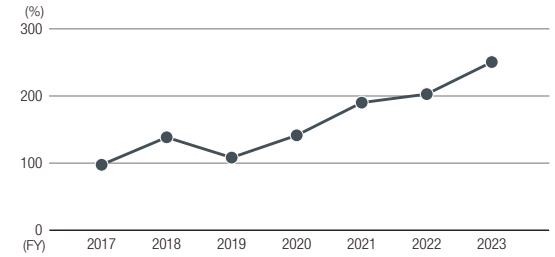
Securing and Developing Human Resources to Promote Intellectual Property Strategy

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



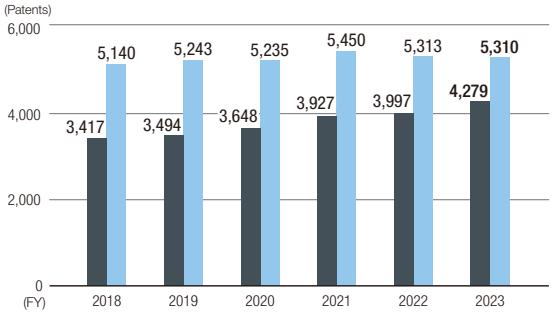
*1 Change in the ratio of inventors in their first five years after joining the company calculated based on the number of inventors in 2017
*2 Employees at the Head Office

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.

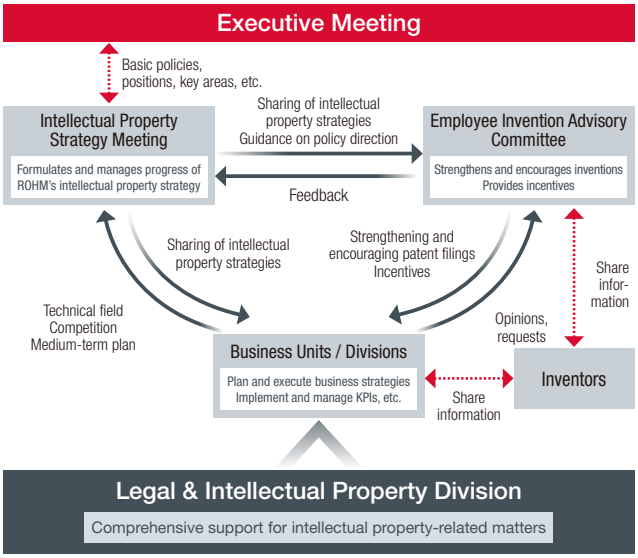
In priority technology areas, we are filing not only our own applications but also procuring patent rights from outside the company. Furthermore, we are monetizing patents that are underutilized due to changes in the business environment through sales and licensing to strengthen our intellectual property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

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

Material issues	Strengthening Employee Engagement	Diversity Development	Ensuring the Health and Safety of Employees

▶ P.27 FY2023 results and KPIs

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.

Vision P.2

Company Mission, Policies, and Management Vision
Long-term goal: Becoming a "major global player"

Desirable human resource and organization, and associated challenges

Desirable human resource and organization

(1) Empathy with and practice of the company's mission, policies, and vision
(2) Professionals who continue to grow autonomously in their field
(3) An organization that prioritizes results through teamwork while respecting diverse personalities

Human resource and organizational challenges

(1) Recruitment and development of human resources that contribute to global business growth
(2) Transformation of employee mindset and motivation toward self-driven growth
(3) Fostering a culture that encourages the spirit of challenge
(4) Transformation of mindset and preparation of environments that enable diverse human resources to succeed

ACTION

(1) Acquisition and development of global talent who can contribute to sustainable business growth on the world stage
(2) Transformation of mindset and motivation of all employees from passive growth to self-driven growth
(3) Establishment of a culture of challenge through the proper recognition of individual achievements by colleagues and the organization

OUTPUT

(1) Strengthening of the managerial human resource pipeline that drives global business
(2) Cultivation of professional human resources with a self-driven growth mindset and formation of a supporting corporate culture
(3) Enhancement of employee engagement
(4) Fostering of a sense of unity where diverse values are recognized and respected, and creation of an environment where employees can fully demonstrate their abilities
(5) Achievement of well-being for each and every employee

OUTCOME

Sustainable business growth

Enhancement of 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.

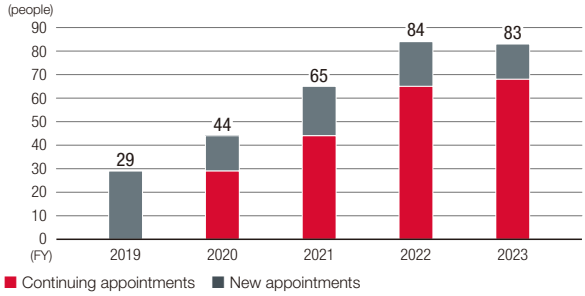
Shizuko Kawamoto
Supervisor
Cost Management Group
Power Devices Business Planning Department
Business Management Division

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 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



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 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.

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 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.

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, 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 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 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.

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

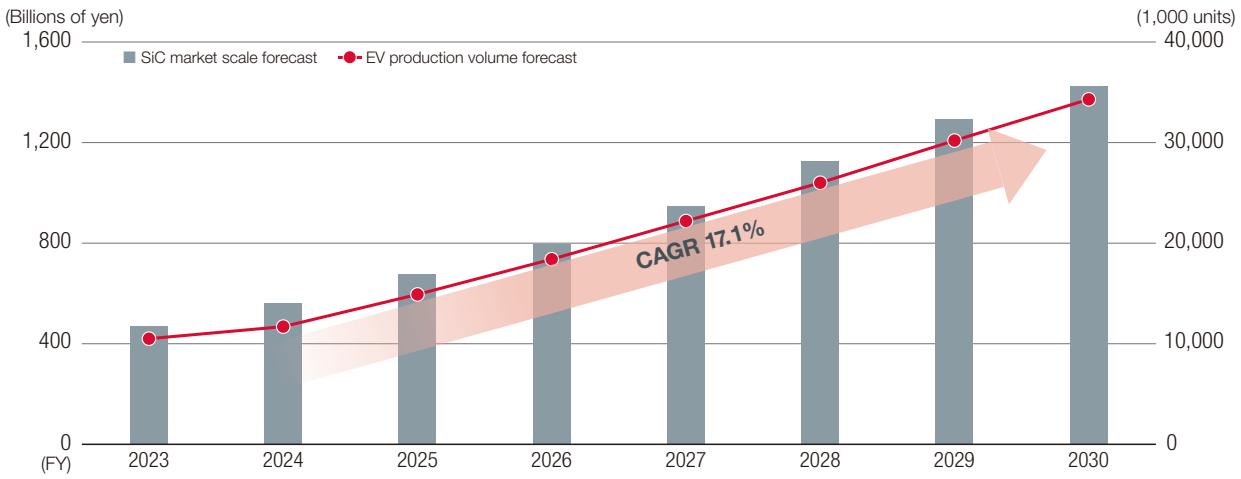
In order to create a safe working environment for everyone involved in our business, we must create a comfortable and safe working environment not only for our employees, but also for the contractor and on-premises vendors (cafeteria, cleaning, etc.) who work with us on our premises. ROHM cooperates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

Special Feature Helping Solve Social Issues through Further Advancement

Performance Improvements in SiC Power Devices Support the Shift to EVs

As the electrification of automobiles advances around the world, it has been pointed out that it feels like the growth in the market for electric vehicles (EV) is slowing down in some regions against a backdrop of reduced government subsidies in various countries and saturated demand in FY2023. However, we believe at ROHM that the shift to EVs will steadily advance over the medium- to long-term, and it will become an important driver for the realization of a decarbonized society. The adoption of SiC power devices with low power loss in inverters is essential for extending the travel distance while curtailing the increase in EV battery capacity. Because SiC power devices have a lower specific on resistance compared to Si devices and they demonstrate high performance even under high-temperature and high-voltage environments, their adoption especially in EVs is accelerating, and it is expected that they will come into wide use. In order to differentiate ourselves from our competitors going forward, ROHM will further raise its cost competitiveness and capture market share by increasing device performance and shifting to 8-inch SiC substrates.

EV Production Volume and SiC Market Scale Forecasts



Source: SiC Market Scale Forecast Created by ROHM EV production volume forecast GlobalData Plc (forecast as of July 31, 2024) *Foreign exchange rate: $1 = ¥145

ROHM's Position Within the SiC Market

Global SiC Sales Ranking

SiC Power Devices (including Modules) Sales Ranking/ Market Share Forecast (2023)

(Millions of U.S. dollars)

Sales	Company name	Sales	Share of sales
1	STMicroelectronics	…	…
2	onsemi	…	…
3	Infineon Technologies	…	…
4	Wolfspeed	…	…
5	ROHM	186	5.0%

SiC Wafer Sales Ranking/Market Share Forecast (2023)

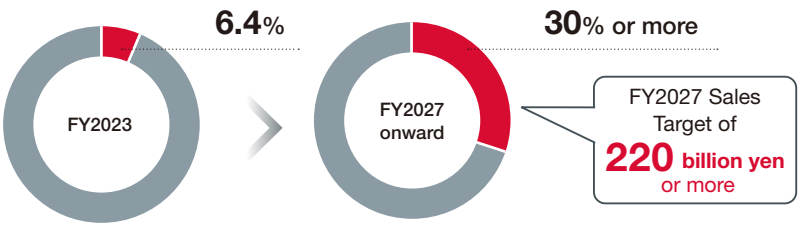
(Millions of U.S. dollars)

Sales	Company name	Sales	Share of sales
1	Wolfspeed	…	…
2	Tankeblue	…	…
3	Coherent	…	…
4	SICC	…	…
5	SiCrystal (ROHM Group)	131	10.3%

Source: Power SiC report, Yole Intelligence, 2024.

ROHM's Market Share (Devices and Wafers)

Aiming for an industry-leading market share of **30% or more**



# of SiC Power Devices

Contributing to the reduction of GHG emissions, evolving our strengths, and competing based on speed

We perceive SiC power devices as products that will powerfully drive the transition to a decarbonized society. The application of SiC power devices in EVs is receiving the most attention and is the focus of our efforts. To further expand the market, we are advancing the development of high-voltage SiC power devices used in a broad range of applications such as solar and wind power generation, railways, and electric aircraft. As the competitive environment in the SiC market intensifies, we can list three strengths that ROHM possesses. The first strength is our unrivaled device development technology, the second is our integrated production system which enables us to develop and manufacture substrates, devices, and packages in-house, and the third is our possession of analog IC technology that drives and controls power devices such as isolated gate driver ICs as well as our ability to offer integrated proposals of power devices and analog ICs. Within the next five to ten years, Chinese companies are expected to rise to prominence, so in order to compete with them, we will further accelerate the evolution of device performance, which is our greatest strength. (→ P55 Progress of the Medium-Term Management Plan for Power Devices)

While there are immediate concerns about the impact of the slowing EV growth rate, we believe that the global movement toward a decarbonized society will not change over the medium- to long-term and anticipate that it will definitely expand. To survive under such circumstances, the most important thing is overwhelming other companies with speed. Our goal is to increase development speed based on ROHM's integration of knowledge across a wide range of SiC materials, devices, and equipment as well as our accumulation of knowledge built up thus far to aim for a market share of 30% or more.

Dr. Kazuhide Ino
Member of the Board,
Managing Executive Officer,
in charge of Power Device Business

Become a leading manufacturer of 8-inch SiC wafers with our strong unity "ONE ROHM"

SiCrystal, which became part of the ROHM Group in 2009, has more than 25 years of experience in the entire process chain from SiC crystal growing to the finished substrate. We have built up a wealth of knowledge that includes not only process expertise but also machine technology, and we are highly competitive due to the crystal growth systems we have developed.

Our ability to respond quickly to changing market requirements through in-house substrate production in close cooperation with ROHM is a major advantage. ROHM, on the other hand, benefits from SiCrystal as a reliable source of substrates, which allows to cover even a large demand. Our "ONE ROHM" philosophy and this strong cohesion make us unique among substrate manufacturers.

We have been massively expanding our production capacity of 8-inch SiC substrates, and we are continuing to do so in order to meet the rapidly growing demand for high-quality 8-inch SiC substrates. At the same time, we are steadily improving the sub-processes and thus the quality of the substrates as well as the efficiency of our 8-inch production lines.

In recent years, Chinese substrate manufacturers have started to enter the market. In order to remain competitive, it is crucial for us to produce large quantities of 8-inch SiC substrates with consistently high quality at attractive prices under sustainable conditions. The 8-inch market is still at the very beginning, and we will certainly do our utmost to remain one of the leading manufacturers.

Our vision is to be a globally acting company with multiple locations around the world, being the preferred vendor for SiC substrates. With our business we want to actively contribute to a sustainable, carbon neutral future for our society, being a profitable company satisfying its shareholders.

Dr. Robert Eckstein
President and CEO
SiCrystal GmbH

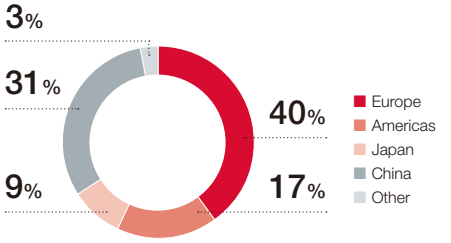
Target for SiC Sales and the Status of the Pipeline and Design Wins

Sales target 110 billion yen or more (FY2025) and 220 billion yen or more (FY2027)

*Converted at a rate of $1 = ¥145

For the SiC power devices business, we have set a sales target of 110 billion yen or more in FY2025 and 220 billion yen or more in FY2027. We have a total pipeline (projects under discussion with customers) of approximately 700 billion yen from FY2025 to FY2027, and with respect to design wins (projects where designs have been adopted by customers), we are receiving strong demand from China, Europe, the Americas, and Japan without relying on a particular region. We have already confirmed design wins with over 130 companies and are expanding our business worldwide in a well-balanced manner.

FY2027 SiC Power Devices Business
Design win breakdown by region (monetary basis)



Business Overview by Segment

ICs

We will address market needs by further advancing miniaturization, efficiency, and functionality in our products

Sumihiro Takashima
Corporate Officer, Director
of LSI Business Unit

In April 2024, ROHM completed an absorption-style merger with LAPIS Technology Co., Ltd., a wholly owned subsidiary engaged in IC planning and development. Through this action, we strengthened the management structure of the Group as a whole to enhance competitiveness.

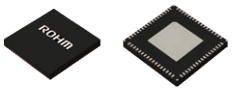
ROHM's IC business has developed products with a focus on analog ICs that serve as the entrance and exit points of electronic equipment systems, along with power supplies that support the systems as a whole. As the analog portion entails application-specific issues, pinpointing the needs of customers is vital. This is an area of advantage for ROHM, with its culture of deep communication with users. Through our integration with LAPIS Technology, which holds MCU-related and other digital processing technologies, we will develop high-value-added products through the fusion of analog, power, and digital technologies and will strive to provide customers with even greater ease of use.

At the same time, ROHM faces the following major challenges: environmental issues exemplified by decarbonization, boosting the efficiency of the industry through DX to address the decline in the younger population, and ensuring the businesses resilience required to withstand geopolitical risks. Looking at our business environment, electrification and higher performance in the automotive market, which accounts for half of our sales, are major trends pushing up demand for semiconductors. Under these circumstances, we must respond to market needs through further miniaturization, efficiency improvement, and performance improvement in our products. As for consumer products, our motor control technologies contribute to greater efficiency in air conditioners and heat pumps. We plan to roll out original products that achieve both high efficiency and miniaturization through the practical application of new technologies utilizing GaN devices.

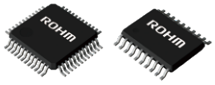
To attain the status of a major global player by FY2030, we will engage in selection and concentration and will expand our business domains by enhancing added value. I see my role as tackling new challenges to create a vibrant group led by frontline staff members.

Key Products

Isolated gate driver ICs
Controlling power devices, such as those in the drive units of electric vehicles. ROHM's unique microfabrication technology contributes to miniaturization and higher efficiency of inverters for automobiles.



Power management/Power supply ICs (PMICs)
We have a diverse lineup of application-specific system power supplies to meet various uses and specifications. In addition to consumer products, we are expanding the product lineup of various PMICs for each electronic control unit (ECU) for automotive use.



powered by LAPIS TECHNOLOGY

Microcontrollers (MCUs)
We offer high-performance MCUs that control the power and analog devices that are ROHM's strength, achieving high-efficiency motor and power supply solutions.

ROHM's Position (2023)

Worldwide analog IC manufacturer sales ranking

(Millions of U.S. dollars)

Rank	Company name	Sales
1	Texas Instruments	12,785
2	Analog Devices	10,837
3	Qualcomm	8,067
4	STMicroelectronics	5,117
5	NXP	4,235
⋮		
17	ROHM	939

Source: Competitive Landscaping Tool CLT, Annual 2Q24

Worldwide analog IC market

Total market
83,336 million U.S. dollars

ROHM's share
17th 1.1%

Automotive–Analog ASSP, Automotive–Analog ASIC

Total market
14,168 million U.S. dollars

ROHM's share
12th 2.6%

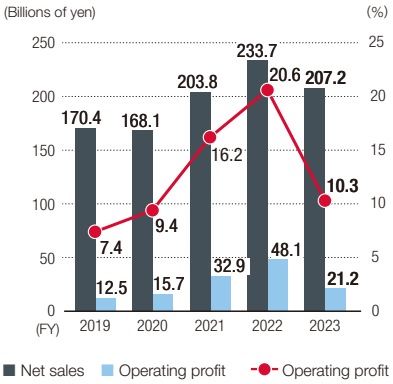
Industrial & Other–Analog ASSP, Industrial & Other–Analog ASIC

Total market
4,906 million U.S. dollars

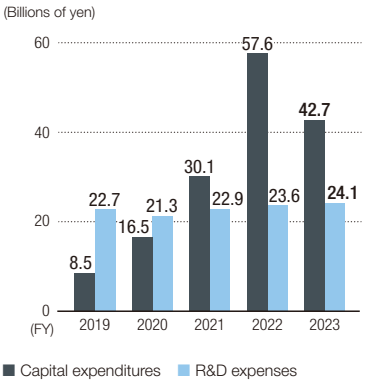
ROHM's share
16th 1.1%

Performance Highlights

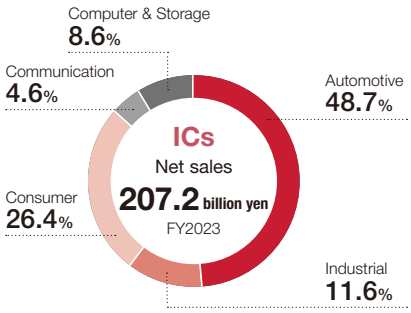
Net sales/Operating profit/Operating profit margin



Capital expenditures/R&D expenses



Sales by Application



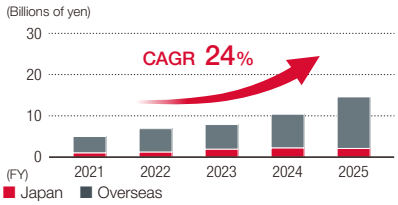
Progress of the Medium-Term Management Plan

Improving the sales ratio of the ASSP strategic TOP 10 products

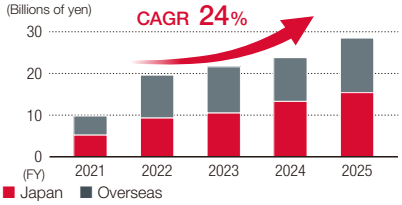
To further increase sales and profits in ICs over the five-year period of the Medium-Term Management Plan, we aim to strengthen the automotive field overseas as well as in Japan, home appliances in the consumer products field, and the PC and server field. Sales of isolated gate driver ICs, LED driver ICs, and ADAS* solutions are growing steadily in the automotive market, which is expected to grow under the advancement of electrification, and adoption is expanding among both Japanese and overseas customers.

We aim to raise the average unit price of ICs and improve the profit margin of the business overall by positioning high-sales-growth and high-added-value areas as strategic TOP 10 areas and by increasing the sales composition ratios of those areas. In FY2023, performance in ICs overall struggled under sluggish demand and customer inventory adjustments, but the sales ratio of the strategic TOP 10 rose to 31% from 27% in the previous fiscal year. By introducing products with high added value, we will work to continuously improve the sales ratio of the strategic TOP 10 and expand sales and profit in the medium and long terms.

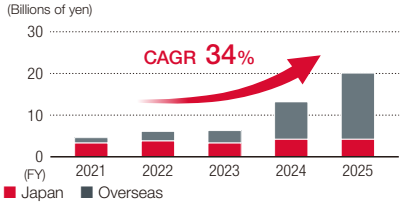
LED driver ICs



Isolated gate driver ICs



ADAS solutions (SerDes+AFE+PMIC)



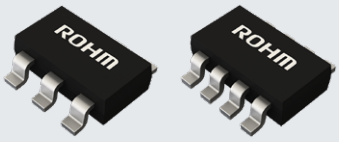
* Forecast based on an exchange rate of 145 yen to the US dollar

* Explained in the Glossary

Column

Toward the Realization of a Sustainable Society

Development of small, energy-saving DC-DC converter ICs using the SOT23 package



Compact DC-DC converter IC

The increase in semiconductor applications in consumer and industrial equipment in recent years has created demands for space-saving substrates, and the adoption rate of small DC-DC converter ICs is increasing. As reduction of standby power is also a key issue, DC-DC converter ICs also face demands for higher efficiency under low power use (under light load). ROHM has responded to these market demands by developing four compact DC-DC converter IC models that achieve higher efficiency in a smaller package than the existing SOP-J8 package, and began mass production in March 2024. These products are ideal for consumer and industrial equipment applications including refrigerators, washing machines, PLCs, and inverters. All four models are able to reduce component footprint by approximately 72% compared to the general SOP-J8 package, greatly contributing to the miniaturization of power supplies. The models use wireless structure packages, reducing wire impedance (the cause of resistance in wiring) and achieving high-efficiency operation.

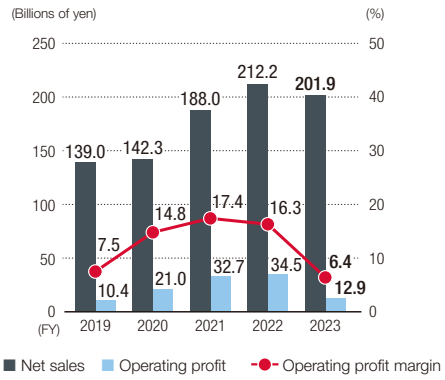
ROHM will continue to focus on the development of products that fully leverage our analog design technologies, and will contribute to miniaturization and energy saving in consumer and industrial equipment applications.

Business Overview by Segment

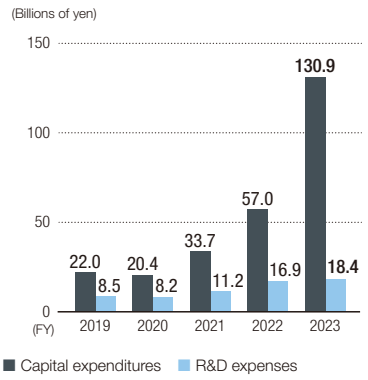
Discrete Semiconductor Devices

Performance Highlights

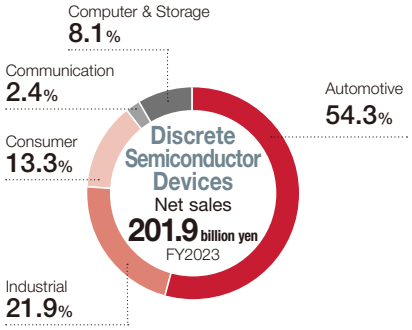
Net sales/Operating profit/Operating profit margin



Capital expenditures/R&D expenses



Sales by Application



Power Devices

Making ROHM synonymous with power devices through fifth-generation SiC MOSFET development and making molded modules the de facto standard

Tsuguki Noma
Corporate Officer, Director of Power Devices Business Unit

Whereas CPUs and memory associated with semiconductors can be compared to the “brain” in applications, power devices can be compared to “muscles.” Power devices contribute to enhanced efficiency in power conversion throughout daily life.

ROHM offers a diverse lineup of products. In addition to IGBTs, SJMOSs, power transistors, power diodes, and other Si-based products, ROHM is focusing on SBDs and MOSFETs made of SiC. We have also begun mass production of HEMTs made from GaN. There are also IPMs and power modules that are mounted with multiple devices including these products.

Optimal power devices for each customer differs depending on the power, frequencies, system costs, and other factors on the customer side. The reason we are able to expand our market share in power devices despite ROHM being a latecomer to the market is because we hold an application-based perspective that lets us propose the optimal combinations of devices and operating conditions matched to the customer’s topology (circuit configurations). To solve customer issues, we collaborate with the System Solutions Engineering Headquarters and FAEs in Technical Centers around the world.

The SiC power device market is continuing to grow, despite the influence of conditions in the xEV traction inverter market, which is predicted to account for about 70% of the SiC power device market. Winning in this market will require that we continue to lead in technology as well as in customer support and cost competitiveness. Our fifth-generation MOSFET will enter mass production in FY2025. Our TRCDRIVE PACK™ molded module offers value to customers through its enhancement of power density and ease of installation. Its high compatibility with mass production, in the same manner as discrete semiconductor devices, is another strength of the product, which we aim to make a de facto standard.

While we will naturally pursue sales and market share, we also aim to make the name ROHM synonymous with power devices, and intend to earn a position of trust among customers through our technology, human resources, quality, and supply.

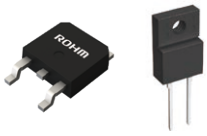
Key Products

SiC power devices

We offer a broad lineup of bare chips, discrete products, and modules that contribute to miniaturization and efficiency in high-power applications. (Details of strategy are described on p. 50)

Power MOSFETs and IGBTs

These products are used in power electronics equipment including solar power generation equipment and power supply systems, and can achieve energy saving by reducing power consumption.



Power diodes

Through overwhelming production volume and an extensive lineup, these products meet the requirements of numerous applications in areas including consumer, industrial equipment, and automotive.

ROHM's Position (2023)

Worldwide power device manufacturer sales ranking

(Millions of U.S. dollars)

Rank	Company name	Sales
1	Infineon Technologies	7,399
2	onsemi	3,166
3	STMicroelectronics	2,798
4	Mitsubishi Electric	1,553
5	Fuji Electric	1,386
⋮		
9	ROHM	913

Source: Competitive Landscaping Tool CLT, Annual 2Q24

Worldwide power device market

Total market
30,026 million U.S. dollars

ROHM's share
9th 3.0%

Power transistors

Total market
25,713 million U.S. dollars

ROHM's share
10th 2.3%

Power diodes

Total market
4,313 million U.S. dollars

ROHM's share
5th 7.3%

Progress of the Medium-Term Management Plan

Expanding the sales of power devices and developing them into a core business

In FY2021 through FY2027, we aim to achieve a CAGR of 24.7% in the power device business, a rate that exceeds growth in the market. Sales in FY2023 increased only 6% from the previous year amid sluggish market conditions, but SiC power devices continue to grow rapidly. We have also begun cooperation on manufacturing with Toshiba Electronic Devices & Storage. The appeal of this collaboration is that both companies can benefit from economies of scale in mass production. Through focused investment by ROHM in SiC and by Toshiba Electronic Devices & Storage in Si, we aim to enhance our cost competitiveness.

An SiC business leading the industry through innovative technologies and cost competitiveness

To remain a technology leader, ROHM is engaged in simultaneous development of multiple generations of products. Our fifth-generation SiC MOSFET, slated to enter mass production in FY2025, is expected to improve specific on resistance per unit area by 30% under high temperature compared to the fourth generation, and achieve the highest performance in the world. We are also undertaking development of the sixth and later generations, with support from the Japanese government's Green Innovation Fund.

At the same time, we are making a shift to 8-inch wafers and are increasing our cost competitiveness. We will begin shipping devices made at our Chikugo Plant in FY2025, while our Miyazaki Plant No. 2, acquired in 2023, is scheduled to begin wafer production from FY2024. (→P. 50 Special Feature)

Start of mass production of GaN devices

GaN is capable of higher-frequency operation than SiC, making it suitable for applications that demand miniaturization such as AI-related server power supplies and AC adapters. As GaN devices are more difficult to drive than SiC, however, it is important to offer GaN devices as sets with analog ICs. In addition to mass production of GaN devices in 2023, we have also begun mass production of "System in Package" that combines dedicated high-frequency ICs with GaN devices into a single unit. This product is able to contribute to reduced development time for customers' power supply systems overall. We are also accelerating our collaboration with Delta Electronics, the world's top manufacturer of power supplies. This has resulted in the adoption of our EcoGaN™ GaN device into the "C4 Duo," a 45W-output AC adapter in Delta Electronics' Innergie line. (→P. 61 Example of environmentally friendly product development: GaN devices)

Business Overview by Segment

General-Purpose Devices

Aiming to secure share in the Japanese automotive market and expand into overseas markets through miniaturization and high-productivity technologies

Tsuguru Ariyama
Corporate Officer, Director of General Purpose Device Business Unit

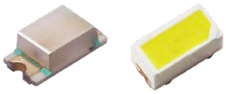
ROHM's general-purpose device business has continued for over 50 years since the company's foundation, maintaining a top-level market share for many years and growing into a competitive, steady business. We believe that this has been possible because we lead the market through a comprehensive product portfolio that spans SBDs, TVSs, bipolar transistors, MOSFETs, FRDs, and RECs, miniaturization, high-productivity technologies, securement of an overwhelming share in the Japanese automotive market that demands high quality and service, and a strength in flexible production capacity increases through IDM.

In initiatives based on our Medium-Term Management Plan, we increased high-efficiency production lines and switched from old lines to secure the production capacity for achieving targets. We are also developing next-generation automated lines for mass production by utilizing technologies developed for our flexible lines. In addition, we have completed the development of manufacturing technologies that use no gold (Au) or other expensive precious metals, further strengthening our cost competitiveness.

While the general-purpose device business is a mature one, its market is expected to grow slowly over the medium to long term as the shift to electrification and digitalization progresses. However, we cannot ignore the emergence of semiconductor competition characterized by low prices under national policies in China. Accordingly, I believe that the challenges that we face in achieving the status of a major global player by FY2030 are securing a supply chain with various risks considered, expansion of market share in overseas markets where demand is expected to grow, the development of human resources with global perspectives regarding culture, sense of values, and business style, understanding of appropriate quality for regions and markets, and enhancement of cost competitiveness. My role is to enhance employee engagement and psychological safety, create an organization where one is able to innovate without fear of failure, and, to make the most of company-wide resources, strengthen cooperation with other headquarters and promote "ONE ROHM." I hope to enhance the sense of unity within the organization overall and build a foundation for working as one to achieve targets.

Key Products

Small-signal devices
Small-signal transistors (less than 1W)
Small-signal diodes (less than 500mA)
Used universally in a variety of applications.



Light-emitting diodes (LED)
Discrete semiconductor devices which emit light when voltage is applied. Used for lighting and status indications, etc. in all kinds of electronic devices.

Laser diodes
ROHM's laser diodes boast the industry's leading production volume. They are used in laser printers and multifunction printers, and in recent years in laser ranging devices and as a light source for LiDAR, etc.

ROHM's Position (2023)

Worldwide small signal device (SSD) manufacturer sales ranking

(Millions of U.S. dollars)

Rank	Company name	Sales
1	onsemi	654
2	Nexperia	637
3	ROHM	406
4	Diodes	336
5	Vishay Intertechnology	274

Source: Competitive Landscaping Tool CLT, Annual 2Q24

Worldwide SSD market

Total market
3,948 million U.S. dollars

ROHM's share
3rd 10.3%

Small signal transistors

Total market
1,673 million U.S. dollars

ROHM's share
4th 10.5%

Small signal diodes

Total market
2,275 million U.S. dollars

ROHM's share
4th 10.1%

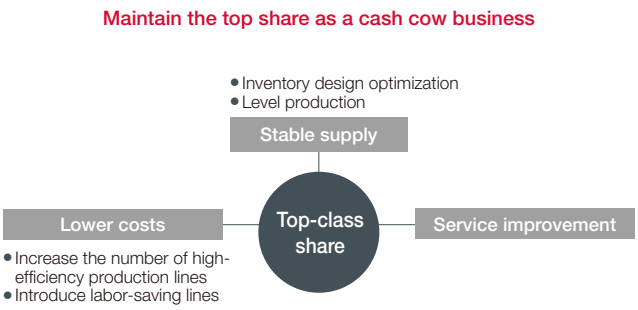
Progress of the Medium-Term Management Plan

Maintaining a top-class market share as a cash cow business

When it comes to semiconductors, power devices tend to attract attention, but the demand for small-signal general-purpose devices is also increasing due to the electrification trend. For example, as more electronic components are used in automobiles, the demand for transistors and diodes is increasing as essential components. These components are small-signal general-purpose devices that handle power of 1W or less and are used in control circuits, and ROHM boasts a high market share due to our expertise in development, manufacturing, and sales accumulated over many years. The General Purpose Device Business' theme for the Medium-Term Management Plan is to contribute to ROHM's growth as a cash cow business while maintaining this high market share.

Because general-purpose devices are highly versatile products used in large quantities for all kinds of applications, we are required to provide a stable supply at low costs to customers. At ROHM, we have increased our production efficiency and capacity to achieve a stable supply, low costs and service improvements by introducing high-efficiency production lines and labor-saving lines. In addition, because semiconductors for automobiles require a particularly high level of quality, we apply our strengths as an IDM to implement thorough quality control. While sales growth in FY2023 was negative, through such initiatives we will steadily meet customers' demands and contribute to the growth of medium- and long-term earnings.

Small-Signal Device Business

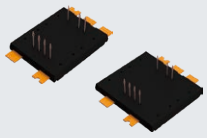


Column

Toward the Realization of a Sustainable Society

Development of a new 2-in-1 SiC molded module

Equipped with features including high power density and a unique arrangement of terminals, TRCDRIVE pack™ contributes to solving major issues in the miniaturization, high efficiency, and man-hour reduction required for traction inverters. The module adopts ROHM's unique structure that maximizes heat dissipation area and is equipped with the latest SiC MOSFET, achieving an industry-leading power density 1.5 times that of general products. The control signal terminals at the top of the module, equipped with press-fit pins, enable connection simply by pressing the gate driver board from the top, and greatly reduce installation man-hours. The module further maximizes the current path in the main current wiring and achieves low inductance (5.7nH) through a two-layer wiring structure, contributing to low losses during switching. Although the product is a module, we have established a mass production system like that of a discrete product. Production capacity of the module is about 30 times that of conventional, general SiC case-type modules.



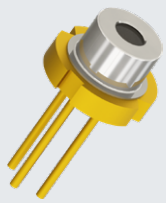
TRCDRIVE pack™
2-in-1 SiC molded module

Development of a 120W high-power laser diode for LiDAR

LiDAR, a technology capable of accurate distance measurement and spatial recognition, has recently been seeing increased adoption in a wide range of applications requiring the automation of operation, including AGVs, robot vacuum cleaners, and autonomous automobiles. ROHM has established proprietary patented technology that achieves narrower emission width in lasers which contributes to longer range and higher accuracy in LiDAR applications.

ROHM released a 25W laser diode in 2019 and a 75W laser diode in 2021. In response to growing market demand for even higher output, in September 2023 ROHM developed a new infrared 120W high-output laser diode, aimed at LiDAR used for distance measurement and spatial recognition in 3D ToF systems.

Utilizing proprietary device development technology, the diode reduces the temperature dependence of the laser wavelength by 66% from that of general products and contributes to narrowing the bandpass filter to extend the detection range of LiDAR. It also achieves a uniform light intensity in over 97% of its emission width to enable more precise detection, despite having the smallest width in the industry. Its high power conversion efficiency (PCE) enables high-efficiency optical output that contributes to lower power consumption in LiDAR applications.



RLD90QZW8
high-power laser diode

Business Overview by Segment

Modules and Others

Meeting detailed customer needs and contributing to solving social issues through “energy saving” and “miniaturization”

Tetsuhiro Tanabe
Corporate Officer, Director of Module Business Unit

Products supplied by our business unit contribute to tackling carbon neutrality and other social issues. Resistors, ROHM’s founding product, have become an essential component in automotive equipment as the shift to EVs advances. We offer a wide lineup of high-reliability products for current detection applications and the automotive and industrial equipment fields. In the printhead business, we have leveraged our proprietary semiconductor process technologies to successfully develop thermal printheads that enable high-definition printing while realizing the speediest ultra-fast printing in the industry. We are now expanding our lineup of products for barcode label printers and are providing high-value-added products to the industrial equipment market.

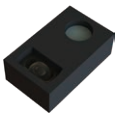
Miniaturization of these products and enhancement of performance in module products lead to reductions in power consumption, component count, and mounting space in end equipment. We will constantly improve performance through continuous technological development and will contribute to “energy saving” and “miniaturization” for our customers, as outlined in our Management Vision.

Specifications for resistors required in fields such as the space industry will become increasingly strict, and the enhancement of performance and quality will become critical. Accordingly, for general-purpose products such as resistors, we must anticipate and grasp the needs of customers and must act ahead of other companies to tackle product development and bring new products to markets. At the same time, for highly customizable module products, we must also build relationships with customers and attentively address their needs. We believe in the need to advance business from an outward-facing perspective so that each of our organizations is always perceptive to even slight changes in markets.

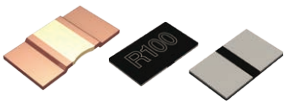
To attain the status of a major global player, we will continue contributing to society by delivering better new products to the world, drawing on the spirit of challenge that we have built up since our founding and placing priority on quality, which is stated in ROHM’s Company Mission.

Key Products

Thermal printheads
These use ROHM’s proprietary semiconductor technology, thick-film printing and thin-film deposition technologies which achieve small-sizes, energy saving, high image quality and high quality.



Sensor modules
ROHM can propose total solutions by combining the world’s top-level sensor variations with ROHM’s core technologies.



Shunt resistors
Resistors for current detection applications which detect the circuit current. We have a broad lineup to support everything from mobile devices such as smartphones to automobiles, industrial equipment, and other applications which require high reliability.

ROHM’s Position (2023)

Worldwide thermal printhead manufacturer sales share ranking

ROHM’s share **2nd** **22.8%**

Rank	Company name	Share of sales
1	Kyocera	33.6%
2	**ROHM**	**22.8%**
3	SHEC	20.0%
4	Toshiba Hokuto Electronics	8.3%
5	AOI ELECTRONICS	5.6%
6	KAITONG	4.6%

Source: CHUNICHISHA Co., Ltd.

Worldwide resistor manufacturer sales share ranking

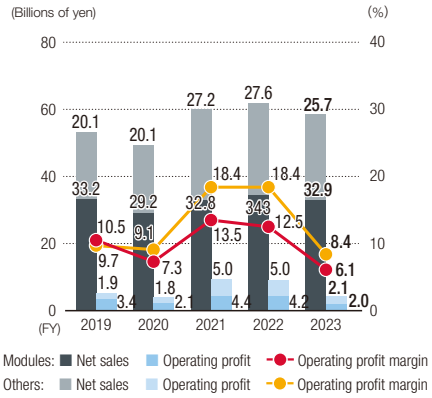
ROHM’s share **4th** **9.6%**

Rank	Company name	Share of sales
1	Company A	21.0%
2	Company B	13.0%
3	Company C	11.9%
4	**ROHM 21.288 billion yen**	**9.6%**
	Other	44.5%

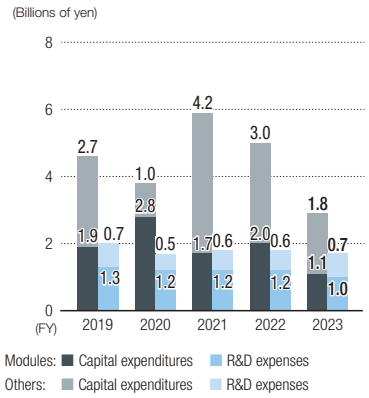
Source: Researched by ROHM

Performance Highlights

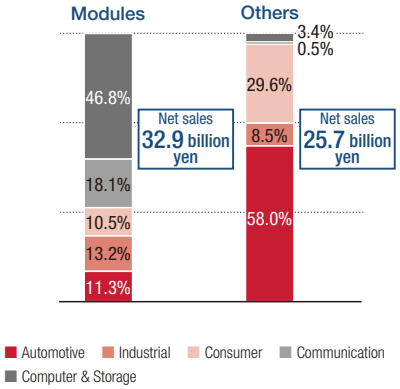
Net sales/Operating profit/Operating profit margin



Capital expenditures/R&D expenses



Sales by Application (FY2023)



Progress of the Medium-Term Management Plan

Achieving high added value in modules and working toward qualitative transformation

We have set qualitative transformation of our module business, such as higher added value and a shift to overseas sales, as a major goal in our Medium-Term Management Plan. In FY2023, sales declined in printheads for payment terminals, but remained strong in printheads for industrial equipment and grew in sensor modules for smartphones. We will focus on expanding our support modules for autonomous driving and sensor modules for security (authentication). The practical application of low-speed, compact delivery robots has accelerated due to labor shortages in recent years, and demand for modules with laser diodes for sensor applications is also growing. Through achievements such as superior high-temperature properties, we will work to differentiate our products from those of competitors and will seek to increase our revenue.

Expanding our lineup of special resistors

By application, automotive applications account for over half of our sales of resistors, which have earned the trust of numerous customers. In FY2023, sales in the industrial equipment market were sluggish, yet resistor sales grew due to increasing adoption of high-value-added, high power low ohmic shunt resistors for the automotive market, which is expected to grow rapidly. High-density mounting is expected to increase as the number of motors and ECUs mounted grows in line with the shift to higher performance in automobiles. By enhancing our lineup of shunt resistors and other special resistors adaptable to small sizes and high electrical power, we will contribute to miniaturization and higher reliability in customer applications.

Sales ratio of printheads for industrial equipment			
FY2023 Results	37%	→	FY2025 Forecast 43%

Sales ratio of high value-added special resistors			
FY2023 Results	55%	→	FY2025 Forecast 57%

Column

Toward the Realization of a Sustainable Society

Development of a thermal printhead capable of high-speed, clear printing on a single lithium-ion battery

Thermal printhead
KR2002-Q06N5AA

In recent years, mobile label printers for logistics have grown in importance with the advancement of logistics, as have payment terminals with the proliferation of electronic money payments. Mobile thermal printers driven by two lithium-ion batteries have been the main type used, for reasons of printing speed and quality. However, the use of a single battery would make these printers more compact and lighter while also enabling energy saving. In December 2023, ROHM developed a thermal printhead that uses just one lithium-ion battery yet is capable of the print output of a two-battery unit.

In addition to radically revising the structure and optimizing the design of the heat storage layer, glaze, we adopted a special low-resistance heating element and changed the protective film structure on the heating element. This enables efficient transmission of generated heat to the thermal paper, transfer ribbon, or other printing media. Through improvements to the driver IC and wiring structure, we also enhanced the efficiency of the conversion of power supplied to the device to thermal energy, along with printing efficiency. Through simultaneous improvements to thermal transmission and power efficiency, we have achieved energy saving as well.

Environmental Initiatives

At ROHM, we believe that corporate activities that seek to be in harmony with the natural environment, that is, a balance between economic activities and nature's regenerative and purifying capabilities, will lead to a sustainable society. This is why we are strengthening our efforts to address environmental issues through the effective use of resources, and reducing our impact on the environment through our production activities and environmentally friendly products.

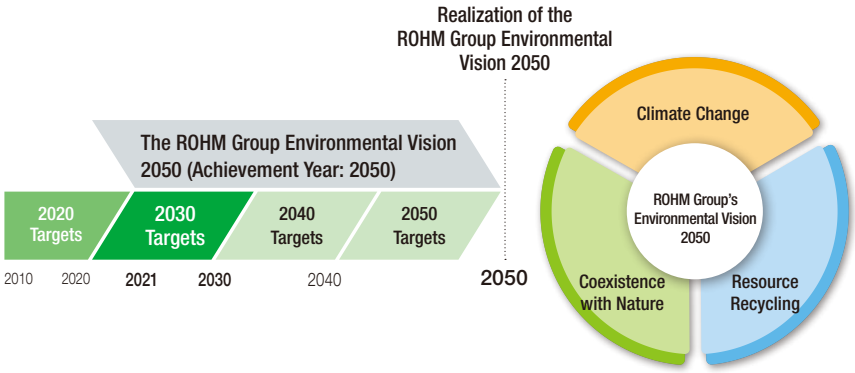
Environmental Management
https://www.rohm.com/sustainability/environment

Material issues	Mitigation of Climate Change	Effective Use of Resources	Strengthening Sustainable Technologies, Developing and Supplying Innovative Products

▶ P27 FY2023 results and KPIs

The ROHM Group Environmental Vision 2050

Human economic activities are having a negative impact on the Earth, and problems such as climate change, resource depletion, and loss of biodiversity are becoming increasingly serious. In 2021, we presented the "ROHM Group Environmental Vision 2050" to demonstrate our commitment to leave the global environment in a better state for future generations. In this vision, we identified climate change, resource recycling, and coexistence with nature as the three important themes to address, and further formulated targets for FY2030 as an intermediate step. We will undertake activities aimed at achieving our FY2030 and FY2050 targets as we work to resolve environmental issues.



Climate Change
Net Zero GHG Emissions
We consider climate change countermeasures to be an important indicator of the effectiveness of sustainability, and aim to achieve net zero GHG emissions in all business activities by 2050.

Resource Recycling
Zero Emissions
Through business activities from development to procurement, production and sales, we will work to maximize resource recycling to eliminate the waste of limited resources.

Coexistence with Nature
Harmonizing Business Activities with Natural Cycles
We value the blessings of nature created by Earth's biodiversity, and hope to pass them on to future generations in a better state.

Initiatives Aimed at Achieving Our FY2030 Medium-term Environmental Targets

Climate change

To achieve our FY2050 target of net zero GHG emissions, we are working toward the reduction of GHG emissions from our business activities and toward 100% use of renewable energy. In FY2023, our Scope 1 and Scope 2 GHG emissions decreased by 16.5% from the previous fiscal year to 645,000 tons due to our expanded use of renewable energy. At the same time, we have begun reducing Scope 3 emissions (emissions from the use of procured goods and products) through initiatives under our new Carbon Neutrality Committee launched in FY2024.

Effective use of resources

Amid calls for transformation into a circular economy, ROHM is working to eliminate the waste of limited resources and energy by procuring resources with low environmental impact and by minimizing amounts of new resource inputs and waste emissions. In FY2023, we maintained a renewable resource utilization rate of 99% or higher – net zero emissions – on a domestic consolidated basis, and a rate of 95.8% on an overseas consolidated basis. We will continue making improvements to achieve zero emissions in FY2050.

Water resource initiatives

We aim to improve our recovery and reuse of water to make more efficient use of water resources. Through the introduction of wastewater recycling facilities at manufacturing sites in Hamamatsu, the Philippines, Dalian, and other locations, our FY2023 water recovery and reuse rate increased by 2.4 percentage points from FY2019 levels to 40.0%.

Coexistence with nature

In response to the growing momentum of "nature-positive" business in recent years, in FY2023 we identified and assessed what kinds of natural capital the supply chain and our business activities depend on and what impacts our activities exert. Doing so, we identified water as a biodiversity-related priority theme that ROHM should address. In identifying themes, we first identify multiple risk items, both those specific to us and those identified as general risks by external evaluation organizations or with ENCORE*, etc. We then perform forecasting and analysis of environmental impacts at domestic and international manufacturing sites and engage in discussions with expert bodies. From FY2024 onward, we plan to hold discussions with experts, local governments where our sites are located, and other parties to study priority region identification, performance indicators, and specific measures.

* ENCORE: https://encorenature.org/en

Management of chemical substances in products

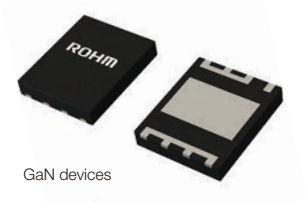
Amid the strengthening of laws and regulations concerning the management of chemical substances in products, we have formulated the "Control Standard of Chemical Substance in Products," a set of standards incorporating customer requirements and Japanese and international laws and regulations. We assess information on chemical substances contained in purchased parts and materials to confirm compliance with laws and regulations. We also undertake thorough management of increasingly regulated PFAS (per- and polyfluoroalkyl substances), providing environmentally friendly products that customers can use with confidence.

Example of Environmentally Friendly Product Development: GaN Devices

GaN is a compound semiconductor material that holds promise for next-generation power devices. The performance index, expressed as the product of on resistance (Ron) and gate charge capacitance (Qg), is lower than that of Si devices, and the material is expected to enable miniaturization and low power consumption in many applications.

ROHM's GaN devices began with the development of MOSFETs with a vertical structure on GaN substrates in 2006. We set our focus on GaN as a next-generation material for further expanding the future range of applications for power devices. We changed our course toward GAN-on-Si HEMT devices, which allow lower production costs, and began product development in areas such as energy saving and miniaturization, aimed at tackling social issues. Through our lineup of EcoGaN™ Series GaN devices that contribute to energy saving and miniaturization in applications, we are working to further enhance device performance. Supplementing our own device development, we will also enter into strategic partnerships to advance joint development and will help solve social issues by contributing to efficiency and miniaturization in applications.

ROHM's Nano Pulse Control™ ultra-fast pulse control technology draws out maximum performance from GaN devices characterized by high-speed switching/high-frequency operation. Our ability to offer GaN power solution products that only ROHM can deliver creates a competitive advantage for us.



GaN devices

Challenges for the Future

Pursuing the further potential of GaN devices and accelerating product development

The Power Stage Product Design Division to which I belong is the department that brings power device and IC development groups together as a new challenge at ROHM. I'm in charge of product design for low-voltage GaN power devices. To enable mass production of our in-house GaN devices, we engineer devices in step with market trends and customer needs while also playing a management role in the creation of technologies required for products, including processes, testing, and packaging. Doing so, we work to complete mass-produced products that contribute to sales.

GaN is a wide band gap compound semiconductor that initially gained worldwide prominence in optical devices such as blue light-emitting diodes. GaN, unlike the earlier-developed SiC, can exist as an impurity in Si and is difficult to work into existing Si mass production lines. We faced considerable hurdles in developing production lines in-house. However, I explained to executives the significance of performing development on an in-house line, and we were able to prepare a production line in Hamamatsu with the understanding of the company. I see this as a great step forward in ROHM's GaN development.

We intend to develop isolated gate driver ICs and controllers suitable for the operation of GaN devices, commercialize modules bundling these, and establish a new business model by which our department acts as a forerunner in the company to provide customers with higher value-added products, and make contributions to ROHM that will lead to further growth.

Kentaro Chikamatsu

Senior Engineer
LV Power Stage Product Design Group
Power Stage Product Design Division
Power Management & Standard LSI Segment
LSI Business Unit

Climate Change-Related Disclosure in Accordance with the TCFD Recommendations

ROHM endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in September 2021. In order to achieve the goals of the "ROHM Group Environmental Vision 2050", ROHM will promote efforts to reduce its environmental impact and focus on more transparent information disclosure, including the resilience of its strategies based on climate-related scenario analysis.

Disclosure Based on the TCFD Framework
https://www.rohm.com/sustainability/environment/climate_change_measures

Governance

In April 2021, we established the "ROHM Group Environmental Vision 2050", which outlines the ideal state of ROHM in 2050, with the aim of realizing a sustainable society. The vision identifies climate change as an important issue affecting business sustainability, and sets a goal of reducing GHG emissions from business activities to virtually "zero" by the year 2050. In addition, the Medium-Term Management Plan "Moving Forward to 2025" announced in May 2021 also sets non-financial targets, including environmental themes, and identifies "addressing climate change" as one of the material issues that ROHM should address.

ROHM has established a system in which the President (Representative Director) has the highest responsibility and authority for climate change issues, and the EHSS General Committee*, chaired by the director in charge of sustainability appointed by the President (Representative Director), deliberates and makes decisions with regard to addressing climate change issues. Under the EHSS General Committee, eight management systems have been established, one of which is the Environmental Preservation Committee, chaired by a business unit manager and which is in charge of the Environmental Management System and proactively addressing climate change. The committee formulates our 2030 medium-term environmental targets and deliberates on the progress of environmental management toward achieving these targets, as well as issues related to measures to address climate change, including the introduction of renewable energy.

Directors who are members of the Audit and Supervisory Committee attend the EHSS General Committee and the monthly meetings of the Environmental Preservation Committee to continuously monitor and verify the execution status of overall environmental management, led by the President (Representative Director).

In addition, in order to further promote value sharing with our shareholders, we have adopted GHG emissions as one of the performance indicators in our performance-linked transfer-restricted stock-based remuneration system for directors.

Promotional system
https://www.rohm.com/sustainability/environment

* EHSS (Environment, Health and Safety, Sustainability) General Committee: A committee composed of executive officers in charge of eight subordinate management systems (environment, health and safety, labor, ethics, information, supply chain, quality, and risk management BCM) and responsible for ensuring that the PDCA cycle for each system is properly implemented.

Strategy (Scenario Analysis)

Climate change is one of the most important social challenges facing global society. The Paris Agreement calls for efforts to keep the global average temperature increase well below 2°C above pre-industrial levels and to limit it to 1.5°C. At the same time, it is also an important theme for companies to achieve a balance between GHG emissions and absorption in the second half of this century to realize a decarbonized society.

Under these circumstances, ROHM is accelerating climate change countermeasures, such as improving the efficiency of semiconductor products and building an environmentally conscious business structure based on the "ROHM Group Environmental Vision 2050". In order to do this, we have analyzed the impact of climate change on business activities in all sectors, including automotive, industrial equipment, and consumer equipment by referring to scenarios published by the International Energy Agency (IEA) and the UN Intergovernmental Panel on Climate Change (IPCC), among others. Specifically, we analyzed the impact of climate change in 2050 on the Group's stakeholders (governments, financial institutions, investors, suppliers, customers, and new technologies) and the value chain (corporate, R&D, procurement, manufacturing, and sales) related to its business activities. This analysis was conducted for the 1.5°C/2°C scenario, in which society as a whole succeeds in transformation toward decarbonization and controlling the global temperature rise, and for the 4°C scenario, in which economic development takes priority and the global temperature rises and its effects continue to worsen.
(→P.63 Financial Impact of Risks and Opportunities)

Reference information for our scenario analysis is provided below.

	Scenario	Reference
Transition risks Opportunities	1.5°C/2°C scenario	Sustainable Development Scenario (SDS)*1 Net Zero Emissions by 2050 Scenario (NZE)*1
	4°C scenario	Stated Policies Scenario (STEPS)*1
Physical risks	1.5°C/2°C/4°C scenario	Representative Concentration Pathways (RCP)*2 Shared Socioeconomic Pathways (SSP1/5)*2

*1. Source: IEA "World Energy Outlook (WEO) 2021"
*2. Source: IPCC "Fifth Assessment Report"

Financial Impact of Risks and Opportunities

Financial impact on business activities

Classification		Event	Severity*1	Occurrence*2	Impact item	1.5/2°C impact*3	4°C impact*3
Transition risks	Policy and regulations	Increase in costs due to introduction of carbon pricing	High	Mid- to long-term	Costs	Med	Med
		Increase in costs due to energy conservation and GHG emissions reduction initiatives	High	Short- to mid-term	Costs	Low	—
	Technologies	Increase in R&D costs to maintain and improve market competitiveness	Low	Short- to mid-term	Costs	Med	—
		Increase in capital investment costs due to increase in production volume and transition of production facilities	Low	Short- to mid-term	Costs	Low	—
	Markets	Decrease in sales due to changes in customer demand	Med	Short- to mid-term	Sales	Med	—
		Decrease in demand due to social changes associated with climate change	Low	Short- to mid-term	Sales	—	—
		Increase in electricity costs due to higher electricity demand in society as a whole	Med	Short- to mid-term	Costs	Med	—
		Increase in material procurement costs due to a shortage of resources including rare metals	Med	Short- to mid-term	Costs	Med	Low
	Reputation	Loss of customer reputation due to inadequate response to climate change	Low	Short- to mid-term	Costs	—	—
Physical risks	Acute	Damage to production facilities or production stagnation due to severe wind and flood damage	Med	Mid- to long-term	Sales	Low	Med
		Stagnation of raw material procurement due to supply chain damage	Med	Short- to mid-term	Sales	Med	Med
		Increase in costs to strengthen measures against natural disasters	Low	Short- to mid-term	Costs	—	Med
	Chronic	Increase in energy costs due to rising temperatures	Low	Mid- to long-term	Costs	Low	Low
Opportunities	Products and services	Increase in demand for products that help customers save energy and reduce GHG emissions	High	Short- to mid-term	Sales	High	—
	Markets	Increase in revenues from entering new markets	Med	Mid- to long-term	Sales	—	—
		Increase in demand for products due to extreme weather and other environmental changes	Med	Mid- to long-term	Sales	—	Low
		Increase in revenues from gaining reputation among customers and investors	High	Short- to mid-term	Costs	—	—
	Resource efficiency	Decrease in costs by promoting energy conservation	High	Short- to mid-term	Costs	—	—
	Energy sources	Save costs by achieving GHG emission reductions and earning profits from the sale of carbon credits	Low	Mid- to long-term	Sales	—	—
	Robustness	Maintain and increase sales volume by strengthening resilience	Low	Mid- to long-term	Sales	—	Med

Future measures

Classification		Event	to 2025	to 2030	to 2050
Transition risks	Policy and regulations	Increase in costs due to introduction of carbon pricing	Energy saving/higher efficiency of plant ancillary facilities	Energy saving/higher efficiency of plant ancillary facilities (plan to continue these initiatives)	
		Increase in costs due to energy conservation and GHG emissions reduction initiatives			
	Technologies	Increase in R&D costs to maintain and improve market competitiveness	Install PFC* abatement equipment (completed 100% installation in existing facilities)		Install PFC* abatement equipment (new facilities)
		Increase in capital investment costs due to increase in production volume and transition of production facilities	Promote electrification at production sites		
	Markets	Decrease in sales due to changes in customer demand	Convert electricity used at domestic and overseas production sites to renewable energy (Targets: FY2030 65%; FY2050 100%)		
		Decrease in demand due to social changes associated with climate change			
		Increase in electricity costs due to higher electricity demand in society as a whole	Consider making annual contracts as a countermeasure to rising prices of minerals		
		Increase in material procurement costs due to a shortage of resources including rare metals	Continue updating and upgrading of disclosure content through dialogues with shareholders and responding to CDP		
	Reputation	Loss of customer reputation due to inadequate response to climate change			
Physical risks	Acute	Damage to production facilities or production stagnation due to severe wind and flood damage	Establish alternative production network for substrates (8 sites)	Consider production outsourcing for automotive products	Expand multi-location production for assembly process
		Stagnation of raw material procurement due to supply chain damage	Create database of primary suppliers	Expand database coverage to secondary suppliers	
		Increase in costs to strengthen measures against natural disasters	Multiple purchasing of auxiliary materials		
	Chronic	Increase in energy costs due to rising temperatures		Make agreements with suppliers on procurement guidelines in case of emergency	
Opportunities	Products and services	Increase in demand for products that help customers save energy and reduce GHG emissions	Appeal energy saving and miniaturization of products to customers		
	Markets	Increase in revenues from entering new markets			
		Increase in demand for products due to extreme weather and other environmental changes	Continue updating and upgrading of disclosure content through dialogues with shareholders and responding to CDP		
		Increase in revenues from gaining reputation among customers and investors			
	Resource efficiency	Decrease in costs by promoting energy conservation	Secure human resources with expertise in semiconductors		
	Energy sources	Save costs by achieving GHG emission reductions and earning profits from the sale of carbon credits	Utilize LCA and other scientific methods and various calculation tools		
	Robustness	Maintain and increase sales volume by strengthening resilience			

*1 Severity: The degree of "high," "medium," or "low" is evaluated by considering the "likelihood of occurrence" and "degree of impact" of climate-related risks and opportunities.
*2 Occurrence: "Short-term" is expected to occur between 2022 and 2025, "Medium-term" between 2026 and 2030, and "Long-term" between 2031 and 2050.
*3 Impact: "Small" indicates a financial impact of 1 billion yen or less, "medium" indicates a financial impact of more than 1 billion yen but less than 10 billion yen, and "large" indicates a financial impact of more than 10 billion yen. The impact of risks and opportunities that are difficult to estimate are qualitatively evaluated and shown as "-".

* Explained in the Glossary

Climate Change-Related Disclosure in Accordance with the TCFD Recommendations

ROHM will take various measures to strengthen its management in light of the identified risks and opportunities and their impacts. Specifically, in order to mitigate risks, ROHM will continue its efforts to reduce GHG emissions throughout the entire value chain, including suppliers, and will also strengthen its BCP measures. Additionally, in order to maximize the opportunities identified, we will strengthen R&D and sales of products that contribute to decarbonization, such as components for electric vehicles, and air-conditioning products.

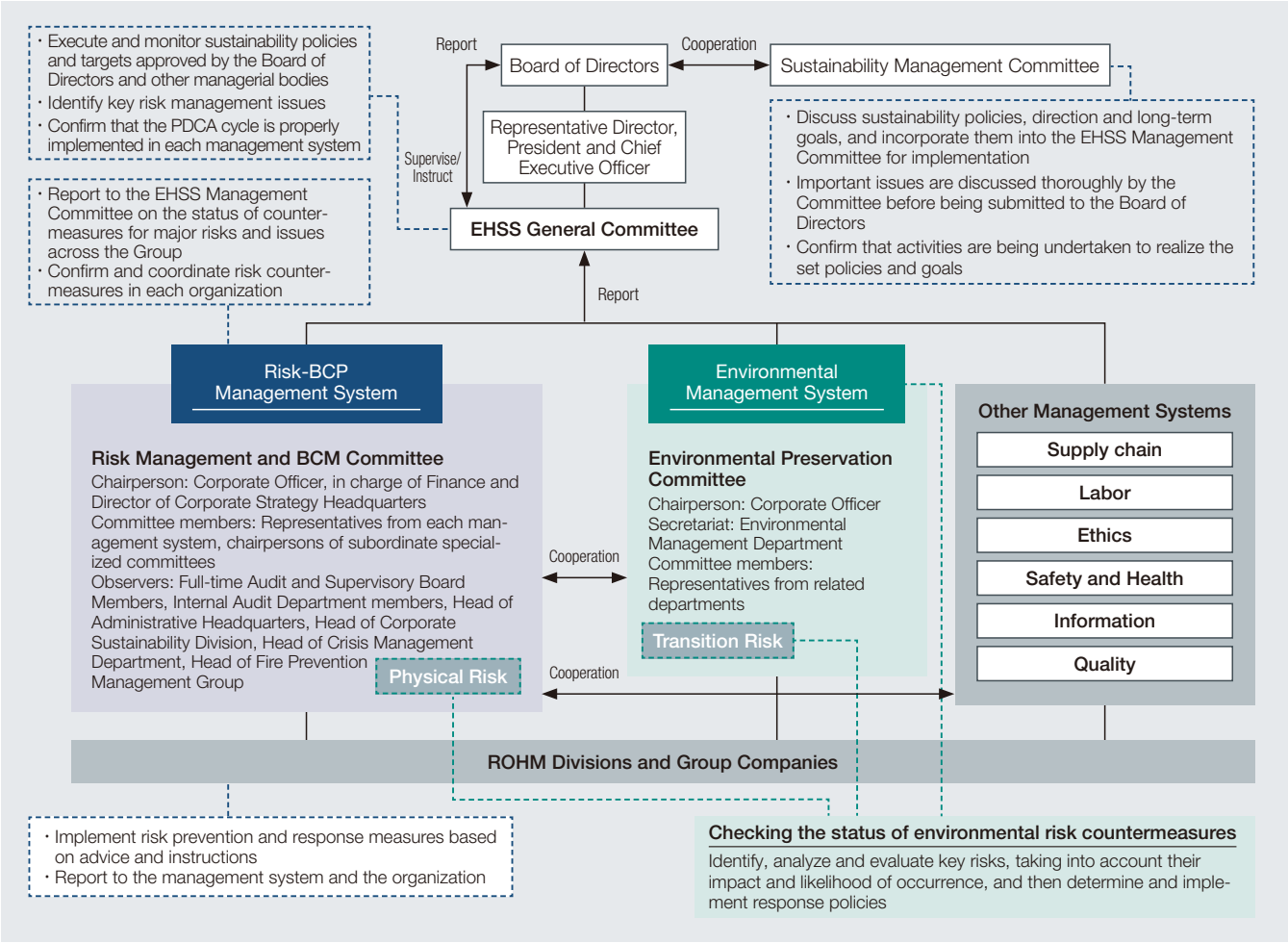
Risk Management

ROHM oversees and manages all significant risks related to business continuity in the Risk Management and BCM Management System under the umbrella of the EHSS General Committee, which is chaired by the director in charge of administration. In addition, the Environmental Management System identifies all risks related to the environment, including those with a long-term perspective.

Among these risks, “climate change” was identified as a significant risk, and in FY2021, we launched a project involving the entirety of ROHM Co., Ltd., and the Group to identify and analyze risks in multiple scenarios in accordance with the TCFD framework. In our risk management structure, the risk of “climate change” is broken down into physical and transition risks. Physical risks are governed by the Risk Management and BCM Committee, which comprises cross-divisional organizations with participation of all company divisions, including business units and oversees risk management and the business continuity management system. Transition risks are governed by the Environmental Preservation Committee, which oversees the Environmental Management System. Both committees identify critical risks by considering their impact and likelihood of occurrence and based on analysis and assessment of each risk, they determine and implement response policies.

In addition, both committees oversee the risk management system and report to the EHSS General Committee, which is composed of those responsible for each management system. These committees also formulate BCPs to handle potential risk emergence and ensure that all Group companies are aware of the plans.

Risk Management Structure



Indicators and Targets

ROHM is promoting environmental management in Japan and overseas based on the "ROHM Group Environmental Vision 2050" formulated in April 2021, aiming to achieve net zero GHG emissions and zero emissions by FY2050 to reduce its environmental impact. As one of the specific measures, we announced our Medium-Term Management Plan "Moving Forward to 2025," in May 2021 and we presented a plan which calls for 100% of electricity used in all business activities in Japan and overseas to be derived from renewable energy sources (hydroelectric, geothermal, solar power) by FY2050. Based on this Medium-Term Management Plan, we are now gradually increasing the amount of renewable energy we use, and in FY2021, we were using 100% renewable energy for our main domestic offices (Kyoto Station Building and Shin-Yokohama Station Building) and for our main SiC wafer manufacturing processes (Germany Plant and new SiC building at Chikugo Plant in Fukuoka, Japan). In addition, from FY2022, we have been using 100% renewable energy sources outside Japan, including the Thailand Plant, our main manufacturing site overseas, from FY2022. The Philippines Plant has also been powered using 100% renewable energy from FY2023.

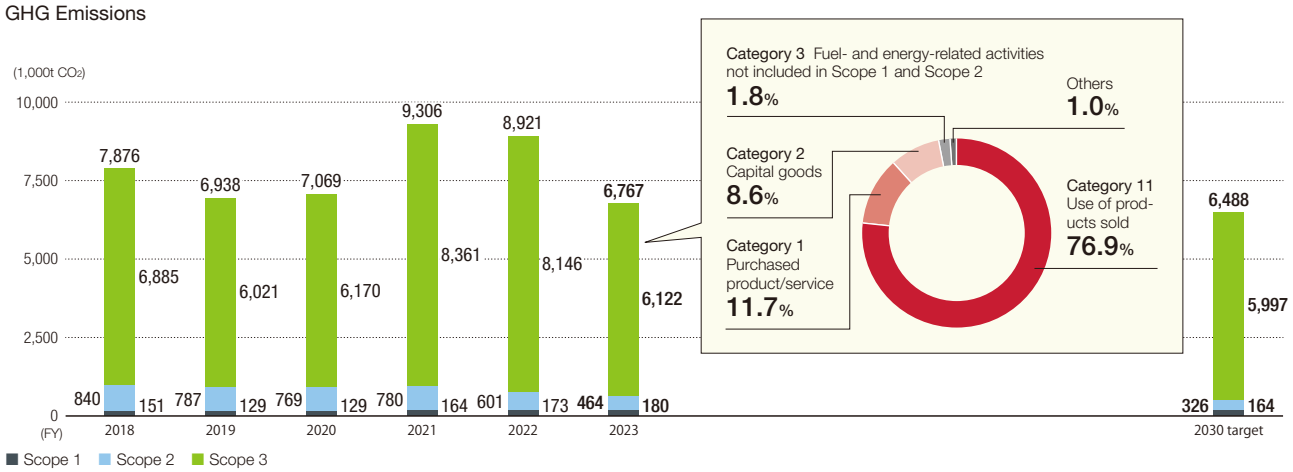
Environmental targets for FY2030 have been established for each of the three priority issues of "Climate Change," "Resource Recycling," and "Coexistence with Nature," as stated in the "ROHM Group Environmental Vision 2050". For climate change, we have set the following targets: reducing GHG emissions from business activities (Scope 1 and 2) by at least 50.5% in FY2030 compared to FY2018, reducing GHG emissions per unit of production (Scope 1 and 2) by at least 45%, and reducing emissions from the use of products sold (Scope 3, Category 11) by at least 15% in FY2030 compared to FY2018. These targets were recognized as having a scientific basis (1.5°C level) for achieving the 2°C target of the Paris Agreement, and in February 2022, ROHM received certification from the Science Based Targets Initiative (SBTi).

In addition, ROHM's renewable energy introduction plan aims to achieve a renewable energy introduction ratio of 65% in FY2030 and 100% in FY2050 for the electricity used in its business activities. In April 2022, we joined RE100 (100% Renewable Electricity), an international corporate initiative that aims for 100% renewable energy for electricity used in business operations.

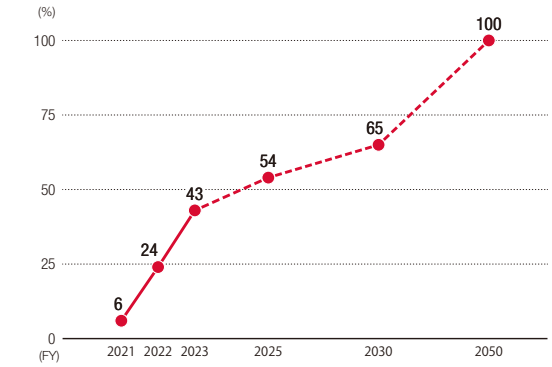
In addition to climate change, we are also working to promote resource recycling by improving our water recovery rate and setting targets related to waste emissions per unit of production.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

GHG Emissions



Approach to 100% Renewable Energy



Achievements and Plans for Renewable Energy Installations

FY2024 to FY2026

ROHM Apollo Co., Ltd. Hirokawa Plant
LAPIS Semiconductor Co., Ltd. Miyazaki Plant

FY2026 to FY2030

Plan to gradually introduce the system at the remaining sites overseas and in Japan

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

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 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).

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 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

*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

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.

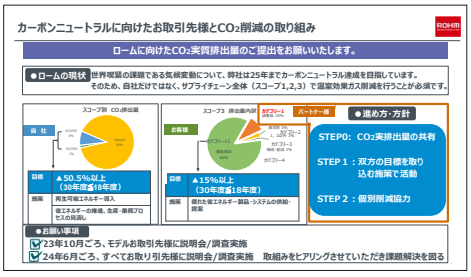
From FY2023, our assessments cover not only ROHM Co., Ltd. but the Group as a whole. We check the status of suppliers that fail to meet ROHM's standards or that have not responded to the assessments, work to understand those suppliers' issues, and enact initiatives aimed at improvement.

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%	• Confirm results of suppliers' environmental management system self-assessments and understand the status and issues of suppliers, beginning with low-scoring items • Send requests for improvement to suppliers
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%	–

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.



Briefing materials for suppliers (excerpts)

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 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

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

パートナーシップ構築宣言

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

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 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.

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 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.

Emi Kawagoe
Group Leader
Global Forwarding G
Logistics Planning Department
SCM Planning Division
Supply Chain Management Headquarters

Human Rights Initiatives

ROHM, which aims to become a major global player, recognizes discrimination or harassment on the basis of race, ethnicity, nationality, social status, gender, ideology, or beliefs, anywhere in the world, as absolutely unacceptable. Moreover, by respecting freedom of association, the right to collective bargaining, and responsible labor practices including provision of safe working environments, securing of minimum wages, and management of appropriate working hours, we also seek to be a sustainable company.

Human Rights
https://www.rohm.com/sustainability/foundation/human-rights

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

Our Basic Approach

Under the view that "Human rights are the fundamental right, freedom, and standard for treatment that individuals around the world possess," we have established the ROHM Group Human Rights Policy. This policy is a superordinate policy of all documentation and norms concerning initiatives for respect for human rights in the Group's business activities, and applies to all activities carried out by ROHM around the world.

As a company engaged in business globally, ROHM recognizes the importance of building a sustainable society in which human rights are respected. We emphasize respect for human rights as one of the most fundamental requisites for business activities, and support, observe, and respect the following international principles and norms.

In cases in which the laws and regulations of a country differ from international human rights norms, we follow the higher standards and, in cases of conflict, pursue means of maximizing respect for human rights in accordance with internationally recognized principles and norms.

Human Rights Due Diligence

In line with the international principles and norms that we support, ROHM identifies adverse human rights impacts related to our business activities and conducts human rights due diligence to prevent and mitigate these. In the event that our activities are found to have caused or encouraged adverse effects on human rights, we enact appropriate and effective remedial measures. When there is a need to prioritize initiatives, we place priority on addressing the most severe adverse effects on human rights, taking into account their scale, their scope, and the difficulty of corrective action.

We have also prepared a reporting hotline for use by suppliers and employees, and continue to build out effective mechanisms for responding to reports. To raise awareness of human rights, we will also carry out necessary education and skill development for officers and employees. We will strengthen these human rights initiatives through expert counsel from external stakeholders and will disclose our progress appropriately and regularly.

Human Rights Assessments in the Supply Chain

Aiming to build a sustainable society in which human rights are respected, ROHM conducts initiatives in compliance with the RBA Code of Conduct. While respecting the human rights of suppliers, we also ask suppliers to engage in initiatives following the same norms, and promote respect for human rights throughout the supply chain.

Specifically, we request self-assessments in areas indicated by the RBA Code of Conduct: labor, safety and health, environment, ethics, management systems, and BCP for procurement. Through self-assessment responses and CSR procurement audits, we request improvements in areas with low-ranking assessments, including those related to human rights. In audits and conferences, we work to raise awareness of the necessity of CSR procurement throughout the supply chain, including the importance of respect for human rights.

Human Rights Training

We conduct level-specific human rights training for new employees, mid-career hires, department heads, and officers, to instill respect for the cultures, religions, customs, and legal systems of other countries and regions and promote conduct grounded in an understanding of the diversity of values. As a part of employee education aimed at understanding ROHM's initiatives regarding customer requirements, the RBA Code of Conduct, and other international norms, we conduct "Labor and Ethics e-learning" for all employees.

ROHM Group's Social Contribution

Along with social contribution through our business, ROHM has actively engaged in social contribution activities and cultural support activities as a good corporate citizen to contribute to the advancement and soundness of society, valuing our ties to local communities and the natural environment. For the further advancement of society and progress of culture, we will continue to meet the needs of communities and broader society, as we aim to achieve a better social environment.

Social Contribution
https://www.rohm.com/sustainability/contribute

Material issues	Mitigation of Climate Change	▶ P27 FY2023 results and KPIs

The Three Pillars of Social Contribution Activities

In the hope of always being a corporate citizen that is vital to society, wherever we conduct business around the world, ROHM engages in locally-rooted social contribution activities centered on education, environment, and culture and community. Under these three basic pillars, we will build relationships of trust with communities through a variety of initiatives, will strive for the advancement of local communities and the resolution of social issues on a global scale, and will actively contribute to the achievement of the SDGs and the sustainable development of society.

Education

Leveraging ROHM's technologies, we provide support for education aimed at developing the next generation of human resources who, equipped with rich humanity and intelligence, will be essential to the advancement of society and the progress of culture.

Environment

Recognizing that we are able to engage in business only through the blessings of nature created by biodiversity, we carry out activities that lead to preservation of the global environment and biodiversity.

Culture and Community

Through active involvement in community and cultural exchange and support, both inside and outside the company, we carry out activities that lead to the revitalization of local communities and the building of positive relationships with ROHM.

Education — LED *Monozukuri* (manufacturing) class

Endorsing the efforts of the Kyoto Municipal Board of Education and hoping to offer children opportunities to boost their interest in manufacturing while thinking about their future careers and dreams, since FY2010 we have held booth exhibits and manufacturing classes incorporating our products at the Kyoto Manabi Lifestyle Exploration Center.

Here, children listened to teachers from our company and became enchanted with LED circuits they made themselves, delighting in learning how circuits work and in seeing the LEDs' many beautiful colors.

LED *Monozukuri* class

Environment — Events in our biotope area

From FY2021, we have conducted biological surveys in collaboration with outside experts to gather information on the habitats and development of organisms on the head office grounds, and to aid in their preservation and recovery. We hold guided tours of living things for our employees, where they encounter the plants and animals living on the grounds and reaffirm the importance of biodiversity as they walk with expert guides. We have also held this event for nearby elementary school students from FY2023 as a part of our natural coexistence-related cooperation measures with the Kyoto municipal government. To connect our biotope area to opportunities to gain familiarity with nature as children and to learn about the importance of environmental preservation, we regularly open the area to employees, their families, and nearby elementary schools and nursery schools.

Kyoto head office plant

Culture and Community — Engaging in cultural support activities together with business advancement: the Rohm Music Foundation

We take part in a variety of music cultural support activities together with the Rohm Music Foundation, which was established by the founder Kenichiro Sato in 1991 to continuously contribute to the spread and development of music culture. We have supported 540 scholarship students through FY2023, and have been holding Scholarship Concerts in which scholarship students perform.

We also hold the Kyoto International Music Students Festival aimed at international exchange and the development of young musicians, as well as the ROHM Music Seminar aimed at the development of musicians active on the world stage, and provide subsidies and other support for music-related performances and research.

ROHM Theatre Kyoto

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

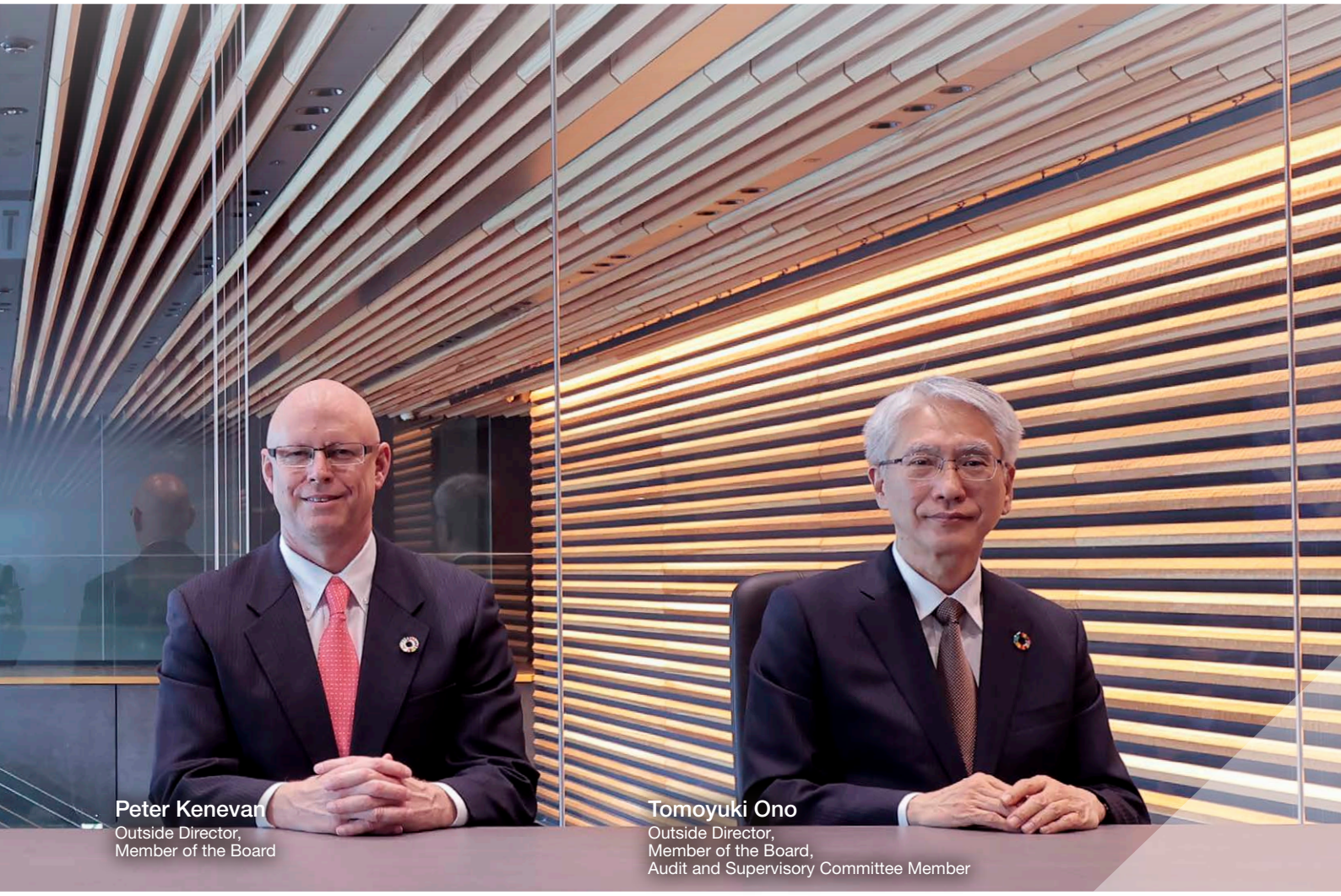
What are your thoughts on the operation of ROHM's Board of Directors?

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.

Outside Directors' Roundtable Discussion

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

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.

Corporate Governance

Our Basic Policy

ROHM strives to pursue the best possible corporate governance in order to achieve our purposes and policies such as the company Mission and the Basic Management Policy.

We believe that our corporate operations and actions must be rooted in fairness, soundness, and transparency, based on the recognition that ROHM is supported by all of our stakeholders.

Based on an accurate understanding of the capital cost of the company from a stakeholder perspective, we have stated that the basic idea of corporate governance is to maximize sustainable corporate growth and medium- to long-term corporate value, and we are working to enhance corporate governance.

Corporate Governance
https://www.rohm.com/sustainability/foundation/governance/about

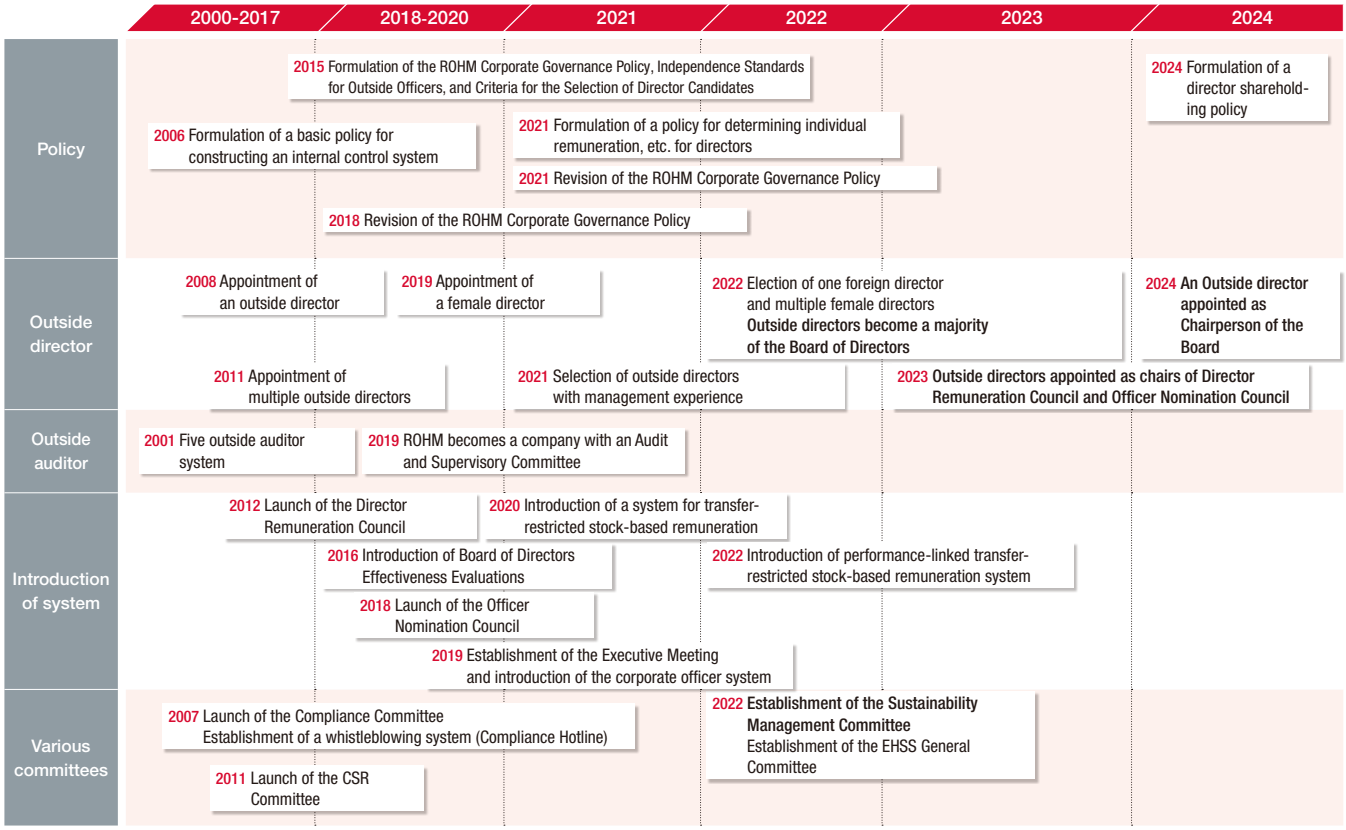
Basic Policy

1. To properly cooperate with all stakeholders, including shareholders, and appropriately consider and respond to issues in sustainability management, including ESG (Environmental, Social, and Governance) factors.
2. To respect the rights of shareholders, secure their equal treatment, and engage in constructive dialogue with shareholders who share the mid- to long-term perspective.
3. To disclose corporate information in a timely and appropriate manner as a part of ensuring our transparency.
4. To make the roles and responsibilities of the Board of Directors clear, hold meetings of the Board of Directors in a timely and appropriate manner, facilitate decision-making processes, and ensure that outside officers proactively express their views from an independent and objective standpoint and that the Board of Directors oversees the execution of business.

Change Through Governance Reforms

ROHM regards corporate governance as one of the most important management issues and has been working toward its reform and strengthening. We strengthened our monitoring functions via measures such as transitioning to a company with an Audit and Supervisory Committee and introducing a corporate officer system, and worked to create an organization that will allow for more flexible decision-making. We also established the EHSS General Committee in charge of operating eight sustainability-related management systems and built a governance system on the executive side. Furthermore, we are striving to enhance governance by promoting diversity on the Board of Directors and ensuring that the Board of Directors consists of a majority of outside directors to ensure objectivity and transparency.

Change Through Governance Reforms

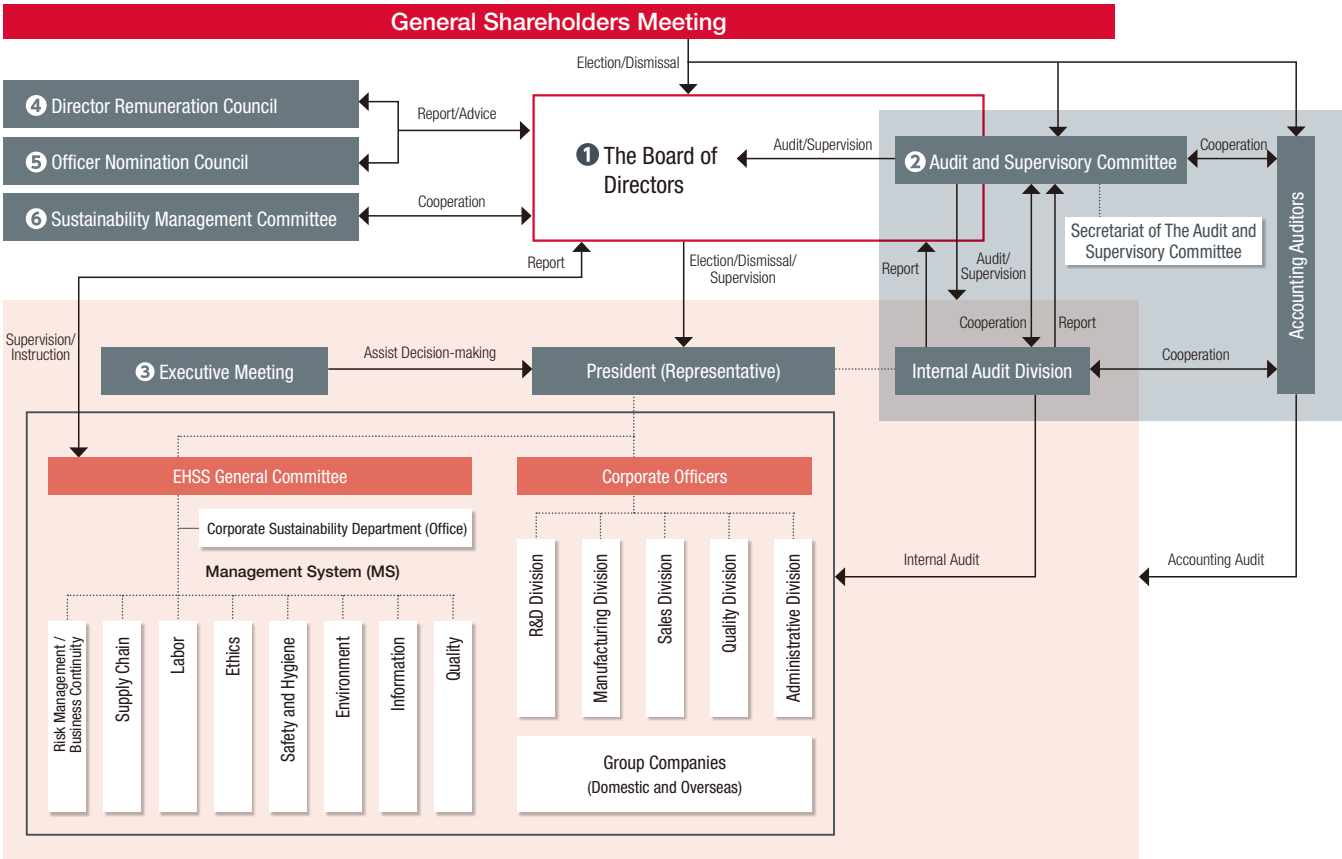


Corporate Governance System

ROHM has established an appropriate governance system based on the ROHM Corporate Governance Policy and ensures fairness and transparency in management.

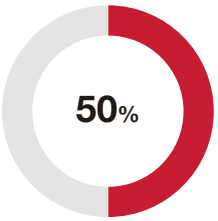
In order to press ahead with separation of the Board's supervisory and execution functions and ensure that the Board supervises management effectively, since April 2024 an outside director has been serving as Chairperson of the Board.

We are making continuous efforts to strengthen our corporate governance, such as by establishing the Officer Nomination Council and the Director Remuneration Council as advisory bodies to the Board and by strengthening the executive side via the Executive Meeting, which assists the President (Representative) with decision-making.



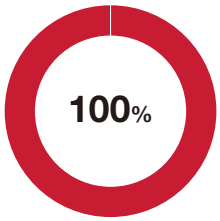
Outside Directors

Percentage of outside directors in Board of Directors



Currently, 50% of the members of the Board of Directors are outside directors.

Percentage of outside directors that are independent officers



ROHM has formulated Independence Standards for outside officers to supervise and advise management from an independent perspective. Currently, all seven of our outside directors meet these standards.

Independence Standards for Outside Officers
https://micro.rohm.com/en/financial/governance/independence_standards_e.pdf

Corporate Governance

Members and Number of Meetings Held for Individual Organizations (as of June 26, 2024)

Internal directors / Outside directors / Corporate officers

Organization	❶ Board of Directors		❷ Audit and Supervisory Committee		❸ Committee Executive Meeting	
Structure	Chairperson	14 directors (of which 7 are outside directors)	Chairperson	4 Audit and Supervisory Committee members (of which 3 are outside directors)	President	16 corporate officers (of which 6 are directors)
Number of times held in FY2023	15 times		15 times		19 times	

Organization	❹ Director Remuneration Council		❺ Officer Nomination Council		❻ Sustainability Management Committee	
Structure	Chairperson	5 directors (of which 4 are outside directors)	Chairperson	5 directors (of which 4 are outside directors)	Chairperson	6 directors (of which 1 outside director)
Number of times held in FY2023	9 times		7 times		11 times	

❶ Board of Directors

The Board of Directors provides strategic corporate direction under a transparent and fair system in order to achieve sustainable growth for the company and improve its corporate value. It makes management decisions based on the diverse experience and expertise of its members, and also supervises business execution. The Board is currently chaired by an independent outside director.

❷ Audit and Supervisory Committee

The Audit and Supervisory Committee establishes audit policies, standards, and plans, audits the legality and appropriateness of directors' execution of their duties and, in case of any misconduct on the part of a director, maintains a reporting line to receive direct reports from the Internal Audit Division, an organization independent from business execution. The Committee also coordinates with the Internal Audit Division in auditing the entire Group.

❸ Executive Meeting

The Executive Meeting, consisting of corporate officers, deliberates important matters related to the management of the ROHM such as the allocation of management resources. These matters include the execution of strategies related to the business portfolio, management of human capital, promotion of focused businesses and strengthening of sales structures. In this way, the Executive Meeting assists the President (Representative) in decision-making.

❹ Director Remuneration Council

The Director Remuneration Council discusses the remuneration system for directors and the remuneration of each director based on this system, and reports the results of discussions to the Board of Directors and the Audit and Supervisory Committee. It is chaired by an independent outside director.

❺ Officer Nomination Council

The Officer Nomination Council discusses the appointment and dismissal of the company's President and any director or corporate officer with titles, as well as the nomination of director candidates, and reports the results of discussions to the Board of Directors. It is chaired by an independent outside director.

❻ Sustainability Management Committee

The Sustainability Management Committee decides on sustainability policies, aims and long-term targets, applies these in the EHSS General Committee, and builds a framework for their implementation. It also deliberates important matters related to the sustainability management issues of the ROHM and coordinates with the Board of Directors to ensure appropriate decision-making.

Director Skill Matrix

We have identified the skill sets (such as knowledge, experience, and ability) that the Board of Directors needs to achieve sustainable growth for the ROHM and to enhance the Group's corporate value over the medium- to long-term. We hereby define the following skill sets that are especially expected of directors.

Name		Fields							
		Corporate Management	ESG/ Sustainability	Global	Innovation/ Technology	HR Development	Legal/ Compliance	Finance/ Accounting	Industry Expertise
Isao Matsumoto		●	●	●	●	●	●		●
Katsumi Azuma		●	●	●		●	●		●
Kazuhide Ino		●		●	●			●	●
Tetsuo Tateishi				●	●		●		●
Koji Yamamoto			●	●		●	●		●
Tetsuo Aoki				●					●
Tadanobu Nagumo	■ ■	●	●	●		●			
Peter Kenevan	■ ■	●		●				●	●
Fukuko Inoue	■ ■			●		●			
Aiko Kozaki	■ ■		●					●	
Masahiko Yamazaki	■		●				●		
Keita Nakagawa	■ ■ ■		●				●	●	
Hidero Chimori	■ ■ ■		●				●		
Tomoyuki Ono	■ ■ ■		●					●	

■ Audit and Supervisory Committee Member ■ Outside ■ Independent

Fields	Definition
Corporate Management	Strive to further enhance corporate value by foreseeing changes in the environment surrounding the company's business, developing strategies from medium- to long-term perspectives and making decisions and running an organization effectively.
ESG/Sustainability	Contribute to the sustainable development and prosperity of the world, society and companies through conducting business activities with integrity, fairness and transparency, working towards the achievement of the United Nations' Sustainable Development Goals (SDGs) and establishing and maintaining a good relationship with stakeholders.
Global	Given the rapidly changing international situation, gain increased confidence from international markets by developing strategies and conducting business from global perspectives.
Innovation/ Technology	Promote the creation, establishment and expansion of businesses by capturing the needs of society and customers and focusing time and resources on the development of new technologies and products that are essential for the sustainable growth of the company.
HR Development	Discover human resources who can be the next generation of managers, and conduct human resources development and medium- to long-term human resources investment that are linked to the company's management strategy.
Legal/Compliance	Perform appropriate risk management by understanding all applicable laws and regulations related to the company's business and recognize and understand risks that may materially affect the company's business by constantly viewing matters from the standpoint of ensuring legal and other compliances.
Finance/Accounting	Appropriately identify the company's business management issues based on the full understanding of accounting, taxation and finance, and develop and monitor the progress of financial strategies and measures that are linked to the company's management strategy.
Industry Expertise	Possess insight on semiconductors and a wide network of personal connections in the semiconductor industry, and look to optimize the company's business portfolio by appropriately monitoring competitive and market trends.

Corporate Governance

Efforts for Enhancing the Board of Directors

Evaluation of Effectiveness for the Board of Directors

ROHM believes that in order to continually improve corporate value, it is important for the Board of Directors to adequately exercise its duties and enhance governance.

Since introducing the "Board of Directors Effectiveness Evaluations" in 2016, each director is given a questionnaire on the effectiveness of the Board of Directors every year, and the Board of Directors analyzes and evaluates its effectiveness based on those results.

Since FY2022, we are using third-party analysis and evaluation, conducted by an external organization, to ensure that our evaluations are both objective and effective. Furthermore, since FY2023, we are not only analyzing and evaluating the questionnaire results, but we are also making the process even more objective by increasing our support in terms of creating and modifying questionnaire items and having the external organization aggregate questionnaire items using web systems.

Based on the results of the analysis and evaluation, the Board discusses issues involved in improving its own effectiveness as well as future initiatives, and the Board strives to work more effectively.

Effectiveness Evaluation Process

Evaluation items

(1) **Operation of the Board of Directors** (decision items, report items, frequency of meetings, length of deliberations, materials distributed, discussion content, reporting of results, adequacy of information sharing regarding company/business, etc.)

(2) **Roles and functions of the Board of Directors** (roles and functions under the ROHM Corporate Governance Policy, appropriate decision-making, supervisory functions, fulfillment of the Medium-Term Management Plan, identification and diversification of skills, etc.)

(3) **Discussions by the Board of Directors** (management strategy, business portfolio, cost of capital, share price, allocation of management resources, strategy regarding intangible assets (i.e., intellectual property and human capital), sustainability-related issues, Group governance, dialogue with investors, etc.)

(4) **Roles and responsibility of Directors** (roles and responsibilities of directors, information sharing and exchanging of opinions among outside directors, systems for gathering internal and external information, etc.)

(5) **Functions and operation of the Director Remuneration Council and the Officer Nomination Council** (effectiveness, agenda items (i.e., board succession, method for appointing members, selecting of candidates, remuneration system), frequency of meetings, length of deliberations, etc.)

Evaluation Results for FY2023 and Action Policy for FY2024

FY2022 Evaluation Results	• Enhancement of the outside director system maintained the supervisory function of the Board of Directors, discussions at Board of Directors meetings, including pre-briefing sessions, have been lively and within an appropriate duration of deliberation, and progress reports and reviews of the Medium-Term Management Plan, etc. have been appropriately conducted. • The results of the director questionnaire and analysis/evaluation conducted by an external organization have confirmed the effectiveness of the Board of Directors.
Efforts in FY2023	• We selected director candidates in accordance with the decision-making process as revised by the Officer Nomination Council. • In order to enhance corporate value through constructive dialogue with institutional investors, the Board of Directors discusses, on a regular basis, the status of the dialogue with investors.
FY2023 Evaluation Results	We observed improvement in the decision-making process for nominating officers and in the sharing of the status of dialogue with investors, which were among the issues for FY2022. Likewise, the results of the evaluation questionnaires, and the third-party analysis and evaluation, determined that the Board of Directors was generally effective overall.
Challenges for FY2024	We recognized that there is still room for improvement both with regard to the questions that the Board of Directors needs to discuss further (e.g., strategy and investment regarding intangible assets such as human capital and intellectual property, and keeping cost of capital and share price in mind when running the business) and with regard to improving the training of directors. For FY2024, therefore, we deliberated on reconsidering agenda items to be submitted to meetings of the Board and on improving training for directors.

Improving Discussion at Board of Directors Meetings

Activity of the Board of Directors and of Voluntary Committees

Activity of the Board of Directors

Type of officer	Name	Attendance in FY2023
Director (Not a member of the Audit and Supervisory Committee)	Isao Matsumoto	15/15
	Katsumi Azuma	15/15
	Kazuhide Ino	15/15
	Tetsuo Tateishi	15/15
	Koji Yamamoto	15/15
	Tadanobu Nagumo	15/15
	Peter Kenevan	15/15
	Kuniko Muramatsu*1	15/15
	Fukuko Inoue*2	12/12
Director (Member of the Audit and Supervisory Committee)	Masahiko Yamazaki	15/15
	Keita Nakagawa*2	12/12
	Hidero Chimori	15/15
	Tomoyuki Ono*2	12/12

Activity of voluntary committees

Voluntary committees	Matters discussed	Name	Attendance in FY2023
Director Remuneration Council	• Opinions of the company's Board of Directors on shareholder proposals • Future structure of the Council • Revision of remuneration system for directors (i.e., comparing and checking benchmark compensation levels), revision of remuneration for individual directors, etc. • Policy regarding holdings of the company's shares by directors	Tadanobu Nagumo	9/9
		Hidero Chimori	9/9
		Kuniko Muramatsu*1, 3	7/8
		Keita Nakagawa*2	8/8
		Isao Matsumoto	9/9
Officer Nomination Council	• Future structure of the Council • Ideal management structure that the company should aim for, including Board of Directors members and candidates • Appointment and dismissal of the President, of directors with titles, and of corporate officers with titles, as well as nomination of director candidates, etc.	Tadanobu Nagumo	7/7
		Hidero Chimori	7/7
		Kuniko Muramatsu*1, 3	5/5
		Keita Nakagawa*3	5/5
		Isao Matsumoto	7/7

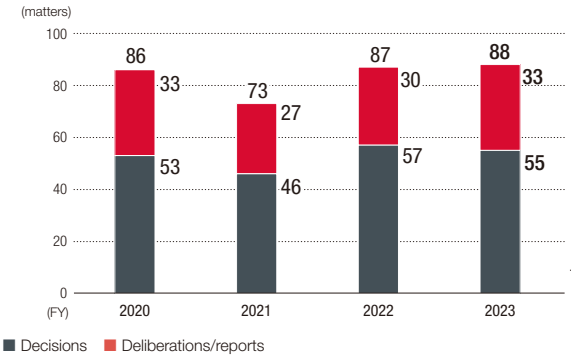
*1 Kuniko Muramatsu retired from the position of Member of the Board as of the closing of the 66th Ordinary General Shareholders Meeting of June 26, 2024, at the expiration of her term.
*2 Due to being appointed as a Member of the Board at the 65th General Shareholders Meeting held on June 27, 2023, the number of Board of Directors meetings available for their attendance differs from other Members.
*3 Due to being appointed as a member of the Officer Nomination Council and Director Remuneration Council Director in June 2023, the number of meetings available for their attendance differs from other Members.

Number of Matters and Time Allocated at Board of Directors Meetings

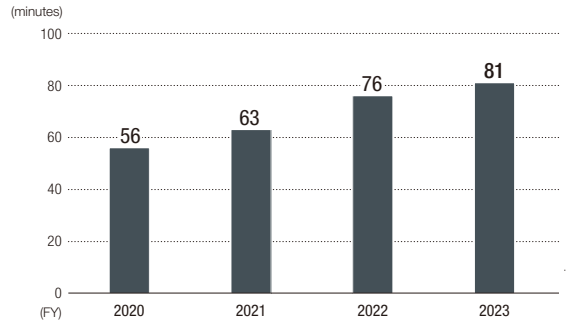
In FY2023, the meetings mainly deliberated on important management-related questions such as capital expenditures under our management strategy and growth strategy, investor relations, sustainability management, and Group governance.

A total of 88 agenda items were submitted. The average deliberation time per item was 81 minutes, so we continued to be able to devote the time necessary for lively discussion.

Number of Matters



Average Time per Matter



Discussion Topics and Discussion Details of Board Meetings

Topics	Discussion details
Management strategy	Management targets, progress of the Medium-Term Management Plan, business portfolio, investor relations, etc.
Investment	Capital expenditures on key businesses, M&A (including Group reorganization), capital investment, etc.
Other	Updating disclosure of major TCFD items, contributing to society, progress with management agenda and company-wide projects, etc.

Corporate Governance

Officer Remuneration

Policy for Determining Remuneration, etc.

The remuneration for Directors shall be based on a remuneration system that shares value with shareholders to clarify their management responsibility and fully function as a sound incentive for the company's sustainable growth and medium- to long-term enhancement of corporate value. In determining the remuneration of individual directors, the company's basic policy is to set an appropriate level based on the responsibilities of each position.

Specifically, remuneration for executive directors shall consist of fixed remuneration and performance-linked remuneration as monetary remuneration, and stock-based remuneration as non-monetary remuneration. Remuneration for independent outside directors and non-executive directors shall be paid only as fixed remuneration from the viewpoint of their supervisory function independent of business execution.

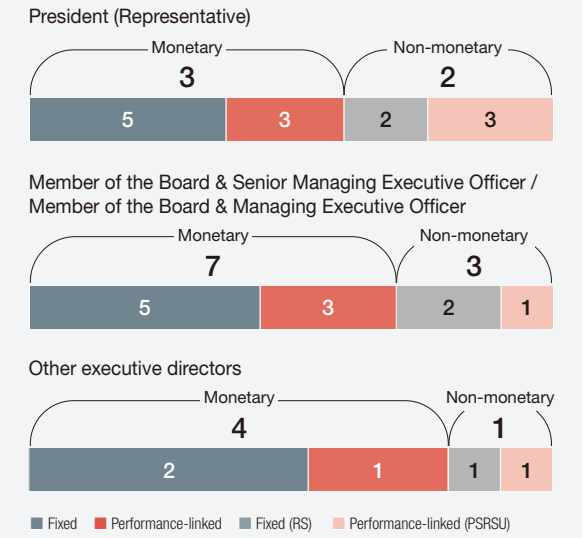
In addition, to further boost directors' willingness to continuously enhance corporate value, and to strengthen value-sharing with shareholders and other stakeholders, we formulated a policy regarding holdings of the company's shares.

		Executive Director	Independent outside directors and non-executive directors
Monetary	Fixed remuneration	Paid in cash monthly according to position and responsibilities	Paid in cash monthly
	Performance-linked remuneration	Calculated according to the level of achievement of the company's consolidated net sales and operating profit targets for the immediately preceding period	—
Non-monetary remuneration (stock remuneration)		Consists of a fixed pre-delivery type (RS: Restricted Stock) and a post-delivery type linked to performance targets (PSRSU: Performance Share Restricted Stock Unit). PSRSUs shall be calculated based on the degree of achievement against targets linked to the Medium-Term Management Plan	—

(Reference) Performance Cycle and Indicators for PSRSUs

Performance evaluation cycle	From FY2022 to FY2025 (4 years)	
Performance indicators	Financial	ROE
	Non-financial	GHG emissions
		Diversity & inclusion (Percentage of women in managerial positions)
		ROHM Group engagement scores

Estimated Ratio of Remuneration (If Targets Are 100% Achieved)



Note: Because PSRSUs are paid in a lump sum after the completion of the Medium-Term Management Plan, the approximate percentage is calculated assuming that they are paid in each fiscal year.

Director Shareholding Policy

We recommend that holdings of the company's shares by executive directors be as indicated below.

President (Representative)

By the later of two years after the date of enactment of this provision (June 27, 2026) or five years after the date on which he/she assumes this office, he/she must hold shares equivalent to 3.0 times the amount of his/her (fixed) monetary compensation.

Other executive directors

By the later of two years after the date of enactment of this provision (i.e., by June 27, 2026) or five years after the date on which they assume their office, they must hold shares equivalent to 1.0 time the amount of their (fixed) monetary compensation.

Total Director Remunerations in FY2023

Category	Total remunerations (million yen)	Total remunerations by type (million yen)			Number of subject officers
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (outside directors)	369 (49)	253 (49)	81 (—)	33 (—)	9 (4)
Directors who are Audit and Supervisory Committee Members (outside directors)	88 (58)	88 (58)	—(—)	— (—)	7 (6)
Total (outside directors)	457 (107)	341 (107)	81(—)	33 (—)	16 (10)

* The amount of remunerations paid to directors does not include the amount of employee salaries paid to employee directors.

Dialogue with Shareholders and Investors

ROHM's investor relations (IR) activities place a strong emphasis on interactive communication through dialogue with shareholders and investors. Our goal is to promote communication with shareholders and investors by disclosing information in a fair, just, and timely manner, providing internal feedback regarding their expectations and assessment of ROHM, and maximizing corporate value by applying that feedback to management.

IR Structure and Activities

The IR Department has been established within the Public & IR Division of the Corporate Strategy Headquarters as the division in charge of IR activities. To meet the diverse needs of a broad range of shareholders and investors, it hosts various IR events such as factory tours and company information sessions for individual investors in addition to the typical IR meetings and biannual financial results briefings to communicate with various shareholders and investors throughout the year. During FY2023, in-person activities, which had declined due to the COVID-19 pandemic, restarted in earnest alongside online activities, and there were more than 550 IR meetings (including 15 factory tours). In addition, ESG meetings focusing on ESG themes are being conducted in cooperation with relevant divisions amid a growing interest in ESG.

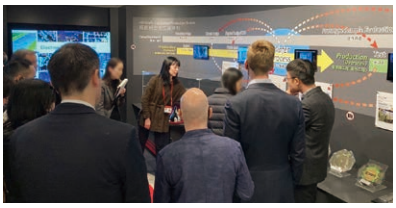
▶ FY2023 results P.22 Building value together with stakeholders

Primary dialogue themes and concerns

Themes	Concerns	
Business environment and overall performance	• EV production volume forecast and impact on the business • Trends and future outlook in each market • Future trends in capital expenditures and depreciation	• Inventory policy, future inventory levels, and operating status • Product price trends • Collaboration and synergy with Toshiba
Medium-Term Management Plan	• Progress on the Medium-Term Management Plan and confidence regarding its achievement • Initiatives to improve ROE	• Shareholder return policy and cash allocation • Growth investment and M&A approach
Business related	• Targets, investment plan, and competitive situation in the SiC business	• Progress on the ASSP strategic top 10
ESG related	• Progress on reducing GHG emissions • Human resource strategy tied to the management strategy	• Initiatives to increase the ratio of female managers • Overall corporate governance (director remuneration, etc.)

The 66th Ordinary General Shareholders Meeting

Financial results briefings for investors


Factory tours for investors

Examples of Dialogue Feedback Applied to Management and IR Activities

Assessment and opinions obtained through dialogue with shareholders and investors are reported to the Board of Directors and discussed by the executives each quarter in an effort to improve management and IR activities. In addition, we host online briefing sessions for the employees regarding the quarterly performance and market evaluation to focus our efforts on internal IR activities as well. Furthermore, we also consider the evaluation of the Integrated Report as an important form of feedback for management and strive to be able to increase the corporate value working together as a company by reporting and discussing it with the Board of Directors and related divisions.

Themes	Improvements
Video streaming of financial results briefings	Since 2023, we have been posting videos of the financial results briefings and Q&A scripts of the briefings on our website. Furthermore, we newly added an "Answers to Frequently Asked Questions by Investors (FAQ)" section to the materials for the financial results briefings.
Disclosure of the SiC business progress (monetary amount)	Disclosure of the SiC pipeline (projects under discussion with customers) and design wins (projects where products have been adopted by customers).
Definition of corporate value	After it was advised that it would be good for ROHM to clearly document its corporate value, we listed a financial logic tree for the first time on the financial strategy page of the Integrated Report 2023. The logic tree was further improved in the Integrated Report 2024 to include non-financial KPIs as well.
Conducting factory tours	We arrange factory tours of the head office and the new ROHM Apollo Co., Ltd. SiC building for securities analysts and investors. Similar tours are scheduled to take place at ROHM Hamamatsu Co., Ltd. in 2024.
Disclosure of tax payments by country	Since 2024, we disclose the tax payments by country on our website and in the Integrated Report.

Risk Management

To conduct sustainable business activities, ROHM formulates measures to minimize the occurrence of risks, which are events that may impede business operations and business performance. To earn the trust of all stakeholders, we have established a compliance system and are working to thoroughly manage the risk of violations of laws and regulations as well as corporate ethics.

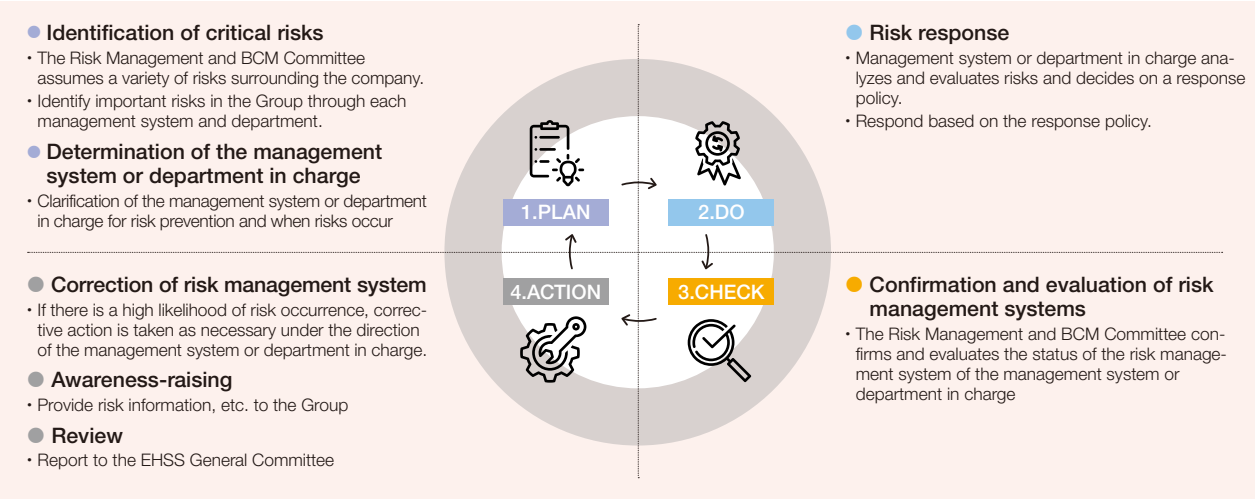
Risk Management
https://www.rohm.com/sustainability/foundation/risk-management

Material issues	Risk Management	▶ P26 FY2023 results and KPIs

System for Promoting Enterprise Risk Management

Various risks may affect our financial position and operating results in the course of our business activities. ROHM is working to strengthen enterprise risk management (ERM) in order to avoid or minimize the impact of such risks. The Risk Management and BCM Committee (meets four times a year) is organized under the Board of Directors and the EHSS General Committee, which oversees the company-wide management system. It identifies important risks that may occur in the Group, evaluates them on a risk map in terms of their frequency of occurrence and impact on the business, and manages and promotes countermeasures. In conjunction with each management system, the status of ERM activities and risk assessment/management indicators are reported to the EHSS General Committee once every six months, and important risks to be disclosed outside the company are reported to and approved by the Board of Directors. The Risk Management and BCM Committee is chaired by the general manager of the Corporate Strategy Headquarters, who is also a corporate officer, and the committee and its secretariat are independent of the business units.

Activity cycle for risk management



Internal and external audits

The Risk Management and BCM Committee conducts annual internal checks within the PDCA cycle of the management system to confirm its effectiveness. In addition, the Internal Audit Department, an independent organization under the direct control of the President, conducts internal audits of business and compliance risks in the Group, and summarizes key details in an assurance map, which is shared and coordinated with each management system through the Risk Management and BCM Committee.

The quarterly meetings of the Risk Management and BCM Committee are attended not only by representative members of each management system, but also by Board members, including outside directors, full-time audit and supervisory committee members, and the head of the Internal Audit Division, to monitor and supervise whether risk management is working effectively. The outside directors have past experience in risk management and internal control at financial companies and provide advice and supervise ROHM's risk management based on their professional expertise.

Each management system is subject to periodic external audits, including the RBA Validated Audit Process and ISO audits, to confirm the effectiveness of the management structure, including risk management, from an external perspective.

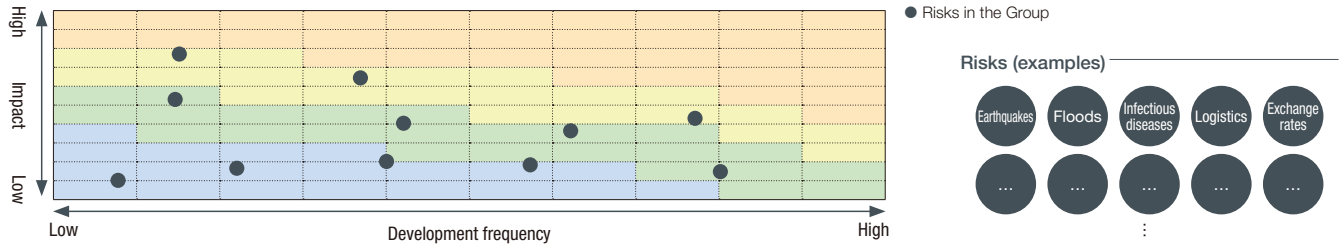
Risk management indicators and reporting structure

The Risk Management and BCM Committee analyzes and evaluates the impact and frequency of key risks in management, business, compliance, sustainability, and other areas, and then reviews and organizes them into a risk map four times a year. In addition, in order to effectively monitor ERM, we have established Key Risk Indicators for all key financial and non-financial risks, which measure the signs of potential risks and the progress of countermeasures. By establishing quantitative indicators as much as possible through sensitivity analysis and other means, we can visualize the signs of risk occurrence, impact, and the status of responses, and promptly reflect them in management.

In the event of a risk event, we have established and are promoting a culture and structure to promptly notify the appropriate parties and management (Board members) within the company, and to respond to the event through an internal emergency reporting system and communication tools prepared in advance, regardless of the country or location.

For compliance risks, we have established hotlines for employees and suppliers, and an internal hotline for quality risks.

Risk map



Business Continuity Management

ROHM conducts development, manufacturing, and sales activities throughout the world. Therefore, we believe that one of the key issues for our management is BCM. We have established and are implementing the ROHM Group Risk Management and Business Continuity Policy as well as the ROHM Group Fire and Disaster Prevention Policy. In particular, at domestic and overseas sites with production functions, we take various measures to prepare for contingencies, including identifying disaster and other risks and use this to organize countermeasure committees, formulate BCP, and conduct drills based on such plans.

[Actions for Water Risks]

Identification of water risks by using the WRI Aqueduct tools and countermeasures

ROHM uses World Resources Institute (WRI) Aqueduct, a set of global assessment tools, to identify water risks. In manufacturing semiconductors, which requires large amounts of water, the securing of water is critical. In Japan, where front-end processing (wafer processing) functions are concentrated, we have set drought risk as a priority issue and have set long-term targets for securing water intake and reducing water usage. We have been proceeding with a water intake plan that is linked to production plans and environmental targets.

Overseas, where assembly, inspection and other back-end processes take place, we have identified flood risk as an issue. The 2011 flood in Thailand caused the Group's manufacturing sites to shut down, and the loss of facilities and equipment along with the economic loss due to the suspension of production had a great impact both internally and externally. We use WRI Aqueduct as a flood risk assessment tool for our manufacturing sites, while the Risk Management and BCM Committee also assesses and analyzes flood risks. By designing inventories based on the estimated number of days of suspended production from a BCP perspective, we are working to reduce risk of production shutdowns due to flooding.

Conducting drills based on lessons learned from the flooding in Thailand

Every year at our manufacturing site in Thailand, we conduct BCM Countermeasures Headquarters drills in preparation of flooding. Based on the action plan drawn up using the experiences of the 2011 flood, items for implementation are checked for hypothetical situations assuming each of the phases of "upstream flooding" and "flooding of a similar scale to 2011, with a flood wall in the industrial park washed away."

We also run training in essential skills, including assembling flood walls prepared as a flooding countermeasure, starting up drainage pumps, operating boats, and other activities such as checking items to be used in the event of flooding.

Flood wall assembly training at the manufacturing site in Thailand

Risk Management

[Responding to Other Risks]

Earthquake risks

We have installed the Building Safety Judgment Support System at major sites and buildings in Japan to enable rapid responses in the event of an earthquake in terms of both human safety and business continuity. This system analyzes the shaking of the building immediately after the earthquake and judges the safety of the building in three stages. By utilizing this system, we can judge the safety of buildings in a timely, professional and objective manner in addressing earthquake risks, one of the most significant risks in doing business in Japan.

In addition, each of ROHM's business sites has established a BCM task force to ensure the safety of employees and others in the event of an emergency and to ensure the continuity and early recovery of core businesses. In FY2023, we conducted information sharing training assuming a Nankai Trough megaquake for the BCM Countermeasures Headquarters of the ROHM head office and members of its subordinate operational team. The training clarified issues related to the roles and activities of each team and its members as well as reconfirmed courses of action. It also improved awareness of BCM and BCP as well as readiness.

Geopolitical risks

International relations in various countries and regions are increasingly uncertain, including the prolonged Russia-Ukraine conflict and heightened military tensions in the Taiwan Strait, South China Sea and Middle East. For ROHM, with its global business activities, geopolitical risks may not only have a direct impact on production and sales activities in the form of business withdrawals and suspended operations, but may also impact our entire supply chain, including material procurement and business with customers.

In response, ROHM established the Economic Security Office as a specialist unit in December 2023. Led by this unit and the Risk Management and BCM Committee, we collect information, monitor, and implement measures regarding geopolitical risks that may impact management. While continuing to formulate and promote risk management measures and BCP based on risks identified for business sites in all regions and ensuring the safety of employees, we are working to minimize the impacts on our business.

In regard to export control regulations on semiconductor-related products, ROHM conducts proper export controls while the Export Control Specialist Subcommittee, comprising related departments across the company, works in close collaboration with lawyers.

Other Risks
https://www.rohm.com/sustainability/foundation/risk-management#anc04

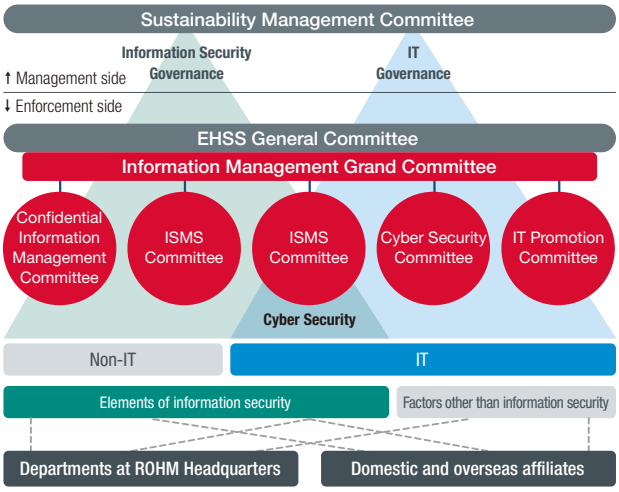
Actions for Information Security

Information management system

ROHM has identified the establishment of an information security system that enhances business continuity, and the establishment, provision, and utilization of IT tools that support the Medium-Term Management Plan as key issues in information security governance, cyber security, and IT governance, and the Information Management Grand Committee takes the lead in the operation of the information management system. This committee is established as a subordinate organization of the EHSS General Committee, in which directors with executive authority and divisional managers participate, and is responsible for the appropriate management of information security risks, cyber security risks, and IT governance risks in ROHM.

The Head Office and some manufacturing sites have obtained ISO/IEC 27001 information security management system certification. The scope of certification covers the planning, development, maintenance and operation of the Group's internal information systems as well as the development, manufacture and sales of semiconductors and electronic components. Furthermore, the Head Office, LAPIS Semiconductor's head office and Miyazaki Plant and ROHM Semiconductor GmbH have received TISAX (Trusted Information Security Assessment Exchange) certification, which was developed by the German Association of the Automotive Industry for the assessment of information security.

We are advancing proper information management to prevent leaks and end fraudulent use of confidential information, which is key for our business, through conventional audits and evaluations within and outside the organization as well as by continuously expanding their implementation and the scope of certifications.



Information Security
https://www.rohm.com/sustainability/foundation/information-security

Compliance Initiatives

ROHM must continuously comply with laws, international norms, business ethics and in-house rules and fulfill its social responsibility as a company in order to continue to gain the trust of various stakeholders in relation to its business activities. ROHM has the awareness and responsibility that "the company is a public institution of society" and establishes a system for compliance in accordance with the ROHM Group Basic Ethics Policy and the ROHM Group Business Conduct Guidelines, committed to rigorous management of risks of legal and corporate ethics violations.

Whistleblowing System

ROHM has established a compliance hotline established by an external law firm as a whistleblowing system to accept reports and consultations regarding compliance violations from all employees including non-regular employees, of Group companies in Japan. As for overseas Group companies, in addition to setting up hotlines, we have also established a global compliance hotline that allows employees to report misconduct or potential misconduct by officers to the ROHM Head Office*.

In order to ensure the appropriate operation of the system, we have established internal regulations to ensure that those who make reports or seek consultation are not treated unfairly for use of the whistleblowing system and that we thoroughly ensure that information provided or uncovered through investigations is kept confidential. We also provide in-house training to employees who are engaged in compliance hotline-related work.

Furthermore, we are working to identify information on risks such as violations at an early stage as well as respond promptly and appropriately by distributing ROHM Compliance Cards and promoting awareness of the hotline through noticeboards and internal training.

*Number of whistleblower reports in FY2023 (from April 1, 2023 through March 31, 2024): 86

Education and Training System

ROHM must increase the level of compliance literacy for each individual employee for compliance of business ethics. In order to spread and increase compliance awareness, ROHM conducts regular compliance-themed training as well as in-house education and awareness-raising activities such as legal e-learning. By also conducting level-specific compliance training from management (directors) through new employees, all employees are able to understand and acquire knowledge of the rules that they must observe at each level.

Compliance
https://www.rohm.com/sustainability/foundation/compliance

Tax Compliance Response

Basic policy

ROHM strives to pay taxes appropriately in compliance with national and regional laws and regulations under its system that appropriately ascertains and manages tax relationships in its business activities. We respond to domestic and international tax reforms, including the Organization for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) Project, fulfilling our corporate social responsibility (CSR) at an even higher level.

Tax Data by Country and Region for FY2023

(Millions of yen)

Tax jurisdiction	Revenues	Profit (loss) before income tax	Income tax paid (on cash basis)	Income tax accrued-current year
Japan	631,626	22,669	27,463	4,585
Thailand	138,937	6,153	817	661
Hong Kong	93,537	3,735	646	577
Philippines	83,329	3,611	515	624
China	69,420	5,880	831	1,071
Germany	50,435	4,633	188	833
South Korea	46,720	2,635	756	632
Singapore	35,901	4,974	582	922
Americas	28,823	1,611	114	95
Taiwan	26,816	1,419	278	249
Malaysia	26,258	1,772	-421	206
Subtotal	**1,231,802**	**59,091**	**31,767**	**10,456**
Other	7,675	279	44	64
Total	**1,239,477**	**59,370**	**31,812**	**10,520**

* Countries and regions for which the subtotal of the items exceeds 90% of total are shown.
* The amounts in the left are based on Country-by-Country Reports submitted to Japan's Tax Agency and have no direct bearing on consolidated financial statements.

Tax Policy
https://www.rohm.com/sustainability/foundation/governance/taxpolicy

Members of the Board and Corporate Officers

Directors

President (Representative Director), Chief Executive Officer

❶ Isao Matsumoto

Number of ROHM Shares Held: 28,728 shares

Apr. 1985 Joined the Company
Jun. 2013 Member of the Board, Director of LSI Production Headquarters
Sep. 2019 Member of the Board, Managing Executive Officer, in charge of Quality, Safety and Production
May. 2020 President (Representative), Chief Executive Officer
Jun. 2020 President, CEO (Representative)
Apr. 2024 President (Representative Director), Chief Executive Officer (current position)

Member of the Board

❷ Katsumi Azuma

Number of ROHM Shares Held: 20,064 shares

Apr. 1989 Joined the Company
Jun. 2013 Member of the Board, Director of Discrete Production Headquarters
Jul. 2017 Senior Managing Director, Member of the Board, in charge of Discrete and Optical Module
Sep. 2019 Member of the Board, Senior Managing Executive Officer, in charge of Business and Strategy
Jun. 2020 Member of the Board, Senior Managing Executive Officer, COO, Senior Director of Sales
Jan. 2021 Member of the Board, Senior Managing Executive Officer, COO, Senior Director of Production · Quality ·Sales
Jun. 2021 Member of the Board, Senior Managing Executive Officer, COO
Jun. 2023 President of ROHM Apollo Co., Ltd. (current position)
Apr. 2024 Member of the Board, Senior Managing Executive Officer, in charge of Quality, Production, General Purpose Device Business and Module Business (current position)

Member of the Board

❸ Kazuhide Ino

Number of ROHM Shares Held: 11,432 shares

Apr. 1999 Joined the Company
Sep. 2019 Corporate Officer, Director of Power Device Production Headquarters
Jun. 2020 Member of the Board, CSO and Senior Director of Power Device Business
Jan. 2021 Member of the Board, Senior Corporate Officer, CSO
Jun. 2021 Member of the Board, Managing Executive Officer, CSO and Director of Accounting & Finance Headquarters
Apr. 2023 Member of the Board, Managing Executive Officer, CFO (Chief Financial Officer)
Apr. 2024 Member of the Board, Managing Executive Officer, in charge of Power Device Business (current position)

Member of the Board

❹ Tetsuo Tateishi

Number of ROHM Shares Held: 9,912 shares

Jul. 2014 Joined the Company
Jun. 2019 Member of the Board, Director of LSI Development Headquarters
Sep. 2019 Member of the Board, Senior Corporate Officer, Director of LSI Development Headquarters
Jun. 2020 Member of the Board, CTO and Senior Director of LSI Business
Jan. 2021 Member of the Board, Senior Corporate Officer, CTO
Apr. 2024 Member of the Board, Senior Corporate Officer, in charge of Research & Development, IT, Legal & Intellectual Property and LSI Business (current position)

Member of the Board

❺ Koji Yamamoto

Number of ROHM Shares Held: 12,440 shares

Apr. 1985 Joined the Company
Sep. 2019 Corporate Officer, Director of LSI Production Headquarters and in charge of Development of ATP Rationalization
Jun. 2020 Corporate Officer, Director of Supply Chain Management Headquarters
Jun. 2021 Member of the Board, Senior Corporate Officer, Director of Supply Chain Management Headquarters, Director of Administrative Headquarters and in charge of Sustainability
Jun. 2022 Member of the Board, Senior Corporate Officer, CAO and in charge of Sustainability
Apr. 2023 Member of the Board, Senior Corporate Officer, CSO
Apr. 2024 Member of the Board, Senior Corporate Officer, in charge of SCM and Administration (current position)

Member of the Board

❻ Tetsuo Aoki

Number of ROHM Shares Held: 7,325 shares

May 1991 Joined the Company
Sep. 2019 Corporate Officer, Head of Japanese, Asia Sales and Director of East Japan Sales Headquarter
Apr. 2023 Corporate Officer, Director of System Solutions Engineering Headquarters and in charge of Sales Management
Apr. 2024 Corporate Officer, in charge of Sales and Marketing (current position)
Jun. 2024 Member of the Board, Senior Corporate Officer, in charge of Sales and Marketing (current position)

Member of the Board (Outside), Chairperson of the Board

❼ Tadanobu Nagumo

Number of ROHM Shares Held: 2,000 shares

Apr. 1969 Joined The Yokohama Rubber Co., Ltd.
Jun. 1999 Director of The Yokohama Rubber Co., Ltd.
Jun. 2004 President and Representative Director of The Yokohama Rubber Co., Ltd.
Jun. 2011 Chairman and CEO and Representative Director of The Yokohama Rubber Co., Ltd.
Outside Company Auditor of The Zeon Corporation
Jun. 2015 Outside Director of The Zeon Corporation (current position)
Mar. 2016 Chairman and Representative Director of The Yokohama Rubber Co., Ltd.
Mar. 2019 Senior Advisor of The Yokohama Rubber Co., Ltd.
Jun. 2021 Member of the Board (Outside)
Mar. 2024 Honorary Advisor of Yokohama Rubber Co., Ltd. (current position)
Apr. 2024 Member of the Board, Chairperson of the Board (current position)

Member of the Board (Outside)

❽ Peter Kenevan

Number of ROHM Shares Held: -

Jun. 1995 Admitted to California Bar
Sep. 1995 Joined McKinsey & Company, Inc.
Jun. 2000 Partner of McKinsey & Company, Inc. (Tokyo office)
Jun. 2012 Senior Partner of McKinsey & Company, Inc. (Tokyo office)
Apr. 2021 VP, Head of Japan of PayPal Pte. Ltd. (Tokyo branch) (current position)
Jun. 2022 Member of the Board (Outside) (current position)

Member of the Board (Outside)

❾ Fukuko Inoue

Number of ROHM Shares Held: -

Apr. 1987 Joined UCC UESHIMA COFFEE CO., LTD.
Sep. 1996 Human Resources Officer, Training Officer at Budget Personnel Bureau of Human Resources Department of Asian Development Bank
May 2004 Human Resources Development Manager at General Affairs and Human Resources Headquarters of Vodafone Japan Co., Ltd.
Jun. 2006 Human Resources Manager of Tiffany & Co.
Sep. 2011 Executive Officer of Human Resources, General Manager of Human Resources Headquarters of SAP Japan Co., Ltd.
Jan. 2013 Section Chief of Human Resources Planning Division at Human Resources Department of International Atomic Energy Agency
Jul. 2017 Senior Human Resources Officer at Management Bureau of International Atomic Energy Agency
Apr. 2018 Professor at Doshisha Business School at Doshisha University (current position)
Jun. 2022 Outside Director of EXEDY Corporation (current position)
Jun. 2023 Member of the Board (Outside) (current position)

Member of the Board (Outside)

❿ Aiko Kozaki

Number of ROHM Shares Held: -

Apr. 1996 Joined Nomura Asset Management Co., Ltd. (Resigned in Mar. 2000)
Apr. 2006 NPO Social Innovation Japan
Apr. 2007 ESG Research Center of The Japan Research Institute, Limited
Jul. 2013 Manager at ESG Research Center of The Japan Research Institute, Limited
Sep. 2015 Work Again Business Manager of Waris Co., Ltd.
Nov. 2020 Strategy Development Division at Strategy Development and Management Bureau of Financial Services Agency (Resigned in Oct. 2022)
Mar. 2023 Representative Director of stream-i Co., Ltd. (current position)
Mar. 2023 Outside Director of Central Tank Terminal Co., Ltd. (current position)
Jan. 2024 Manager at Investment Department of General Incorporated Foundation Japan Network for Public Interest Activities (current position)
Jun. 2024 Member of the Board (Outside) (current position)

Member of the Board, Audit and Supervisory Committee Member (Full-Time)

⓫ Masahiko Yamazaki

Number of ROHM Shares Held: 25,704 shares

Mar. 1982 Joined the Company
Jun. 2010 Member of the Board, Director of Administrative Headquarters
Sep. 2019 Member of the Board, Senior Corporate Officer, Director of Administrative Headquarters and CSR Headquarters
Apr. 2020 Member of the Board, Senior Corporate Officer, Director of Administrative Headquarters and in charge of CSR
Jun. 2021 Member of the Board, Audit and Supervisory Committee Member (Full Time) (current position)

Member of the Board (Outside), Audit and Supervisory Committee Member (Full-Time)

⓬ Keita Nakagawa

Number of ROHM Shares Held: 200 shares

Apr. 1988 Joined Daiwa Bank Co., Ltd.
Aug. 1997 Singapore Branch of Daiwa Bank Co., Ltd.
Mar. 2003 Employees' Union of Resona Bank, Ltd. (Until Jul. 2004)
Oct. 2015 Senior Auditor at Internal Audit Department of Resona Bank, Ltd.
Apr. 2017 Manager at Internal Audit Department of Resona Holdings, Inc.
Apr. 2019 Corporate Officer in charge of Compliance Supervisory of Kansai Mirai Bank, Limited
Apr. 2022 Managing Director of Resona Card Co., Ltd.
Apr. 2023 Advisor of Resona Card Co., Ltd.
Jun. 2023 Member of the Board (Outside), Audit and Supervisory Committee Member (Full-Time) (current position)

Member of the Board (Outside), Audit and Supervisory Committee Member

⓭ Hidero Chimori

Number of ROHM Shares Held: 1,900 shares

Apr. 1983 Attorney at law (Member of Osaka Bar Association) Joined Miyake & Partners
May 2002 Managing Partner of Miyake & Partners
Jun. 2016 Outside Director of Kobe Steel, Ltd., Audit and Supervisory Board Member of the Company
May 2019 Partner of Miyake & Partners (current position)
Jun. 2019 Member of the Board, Audit and Supervisory Committee Member (current position)
Jun. 2021 Outside Director of Oji Holdings Corporation (current position)

Member of the Board (Outside), Audit and Supervisory Committee Member

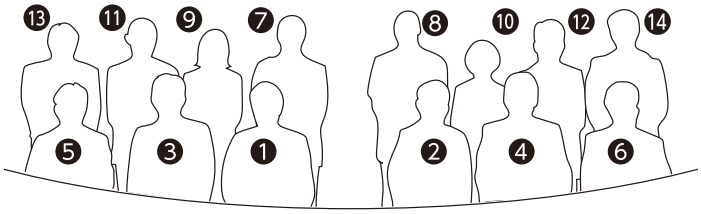
⓮ Tomoyuki Ono

Number of ROHM Shares Held: 100 shares

Apr. 1982 Joined Sumitomo Chemical Industry Co., Ltd. (Currently Sumitomo Chemical Co., Ltd.)
Oct. 1989 Eiwa Audit Corporation (currently KPMG AZSA LLC)
Mar. 1993 Registered as CPA
Mar. 1994 Joined Ono Property Appraisal Office
Aug. 1998 Joined Asahi Audit Corporation (currently KPMG AZSA LLC)
Jun. 2007 Partner of KPMG AZSA LLC
May 2021 Chairman of the Board of Partners of KPMG AZSA LLC
Jul. 2022 Founded Ono Accounting Office. Chief of the Office (current position)
Jun. 2023 Outside Director of NITTA Corporation (current position)
Jun. 2023 Member of the Board (Outside), Audit and Supervisory Committee Member (current position)

Corporate Officers (As of September, 2024)

Isao Matsumoto	**Chief Executive Officer**
Katsumi Azuma	**Senior Managing Executive Officer,** in charge of Quality, Production, General Purpose Device Business and Module Business ROHM Apollo Co., Ltd., President
Kazuhide Ino	**Managing Executive Officer,** in charge of Power Device Business
Tetsuo Tateishi	**Senior Corporate Officer,** in charge of Research & Development, IT, Legal & Intellectual Property and LSI Business
Koji Yamamoto	**Senior Corporate Officer,** in charge of SCM and Administration
Tetsuo Aoki	**Senior Corporate Officer,** in charge of Sales and Marketing
Motohiro Ando	**Corporate Officer,** in charge of Finance and Director of Corporate Strategy Headquarters
Sumihiro Takashima	**Corporate Officer,** Director of LSI Business Unit
Tsuguki Noma	**Corporate Officer,** Director of Power Devices Business Unit
Tsuguru Ariyama	**Corporate Officer,** Director of General Purpose Device Business Unit
Tetsuhiro Tanabe	**Corporate Officer,** Director of Module Business Unit
Syoji Higashida	**Corporate Officer,** Director of WP Production Headquarters
Satoshi Fujitani	**Corporate Officer,** Director of AP Production Headquarters
Masanori Tanimura	**Corporate Officer,** Director of IT Headquarters
Shinji Mikami	**Corporate Officer,** in charge of Japan and International Sales
Takashi Miki	**Corporate Officer,** Director of Corporate Quality Headquarters

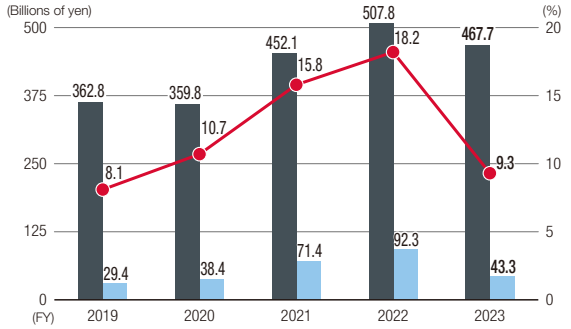


*The number of shares held is as of March 31, 2024.

Financial and Non-Financial Highlights

Financial Highlights (Consolidated)

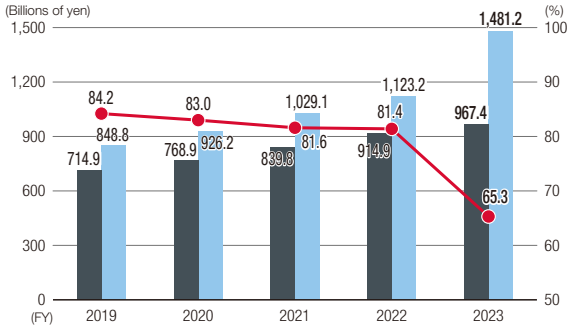
Business Performance



■ Net sales ■ Operating profit -●- Operating profit margin (Right axis)

Sales decreased 40,102 million yen from the previous fiscal year to 467,780 million yen, as sales increased in the automotive market, our focus market, but decreased in other markets, including the industrial equipment market. Affected by the decline in sales and increased depreciation associated with recent capital expenditures, operating profit decreased by 48,989 million yen from the previous fiscal year to 43,327 million yen.

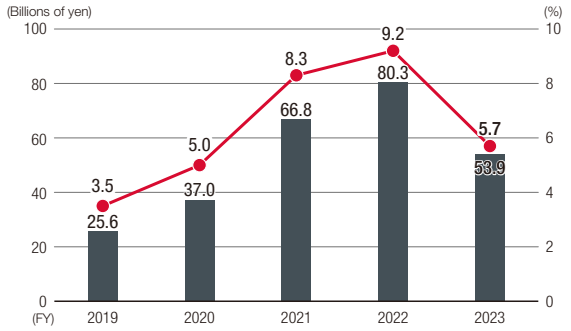
Shareholders' Equity and Total Assets



■ Shareholders' equity ■ Total assets -●- Equity ratio (Right axis)

Total assets increased 357,991 million yen from the end of the previous fiscal year to 1,481,274 million yen due to a 300,000 million yen investment in taking Toshiba private and an increase in property, plant and equipment due to capital expenditures. The equity ratio decreased by 16.1 percentage points from the end of the previous fiscal year to 65.3% due to the borrowings of 300,000 million yen.

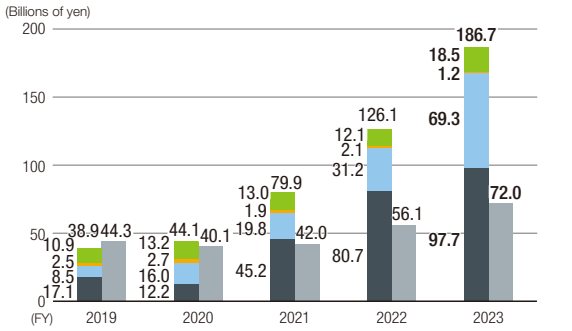
Profit Attributable to Owners of Parent and ROE



■ Profit attributable to owners of parent -●- ROE (Right axis)

Mainly due to the decrease in operating profit, profit attributable to owners of parent decreased by 26,410 million yen from the previous fiscal year to 53,965 million yen. As a result, ROE decreased 3.5 percentage points from the previous fiscal year to 5.7%.

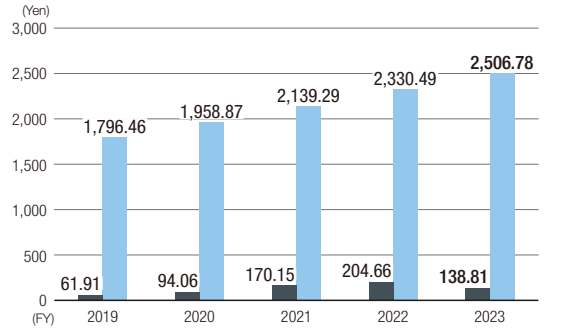
Capital Expenditures and Depreciation



■ Production capacity expansion ■ Land and buildings
■ Quality improvement ■ Others ■ Depreciation

ROHM continues to actively invest in its plants and equipment. In FY2023, capital expenditures increased by 60,639 million yen from the previous fiscal year to 186,755 million yen as a result of greater capital investment to expand production capacity primarily for ICs and power devices including SiC.

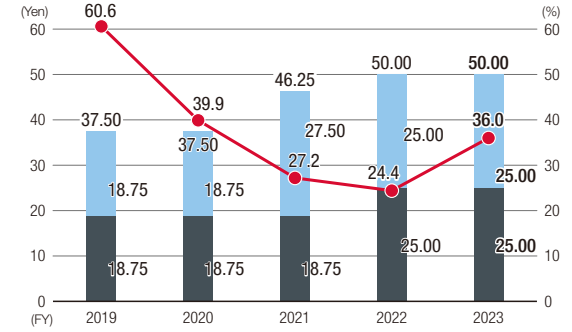
Earnings Per Share and Net Assets Per Share



■ Earnings per share ■ Net assets per share

Earnings per share decreased 65.85 yen to 138.81 yen and net assets per share increased 176.29 yen to 2,506.78 yen.

Dividends and Consolidated Payout Ratio



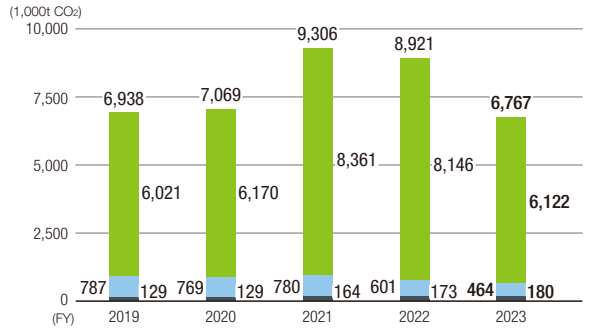
■ Interim ■ Year-end -●- Consolidated payout ratio

ROHM's basic policy is to pay stable dividends, with a target consolidated dividend payout ratio of 30%, and we are working to increase dividends by improving business performance. The annual dividend was set at 50.00 yen, the same level as the previous fiscal year.

* On October 1, 2023, the company conducted a 4-for-1 stock split of its common stock. "Earnings per share," "net assets per share," and "dividend per share" up to FY2022 are calculated taking the stock split into consideration.

Non-Financial Highlights (Consolidated)

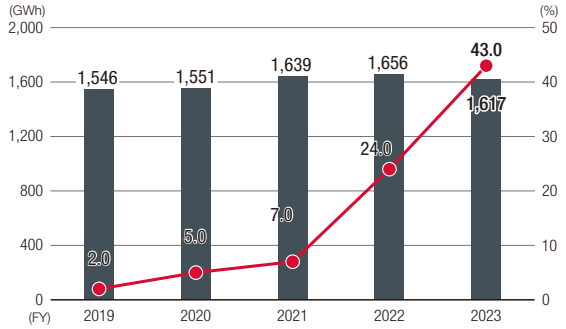
CO_2 Emissions



■ Scope 1 ■ Scope 2 ■ Scope 3

To realize the "ROHM Group Environmental Vision 2050", which aims to achieve net zero GHG emissions by FY2050, our medium-term environmental goal is to reduce GHG emissions (Scope 1 and 2) by more than 50.5% by FY2030 compared to FY2018 levels. In FY2022, we achieved a 21.8% reduction compared to FY2018, while in FY2023 we achieved a 34.9% reduction.

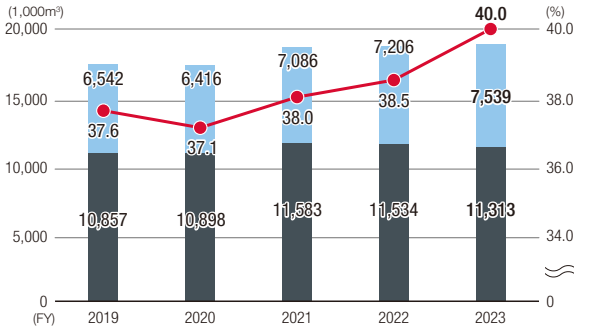
Power Consumption and Percentage of Renewable Energy Used



■ Power consumption -●- Percentage of renewable energy used (right axis)

We have announced a plan which calls for 100% of electricity used in all business activities in Japan and overseas to be derived from renewable energy sources (hydro, geothermal, solar power, etc.) by FY2050. In FY2023, 100% of the power used at our manufacturing site in the Philippines came from renewable energy sources, bringing the overall level to 43.0%.

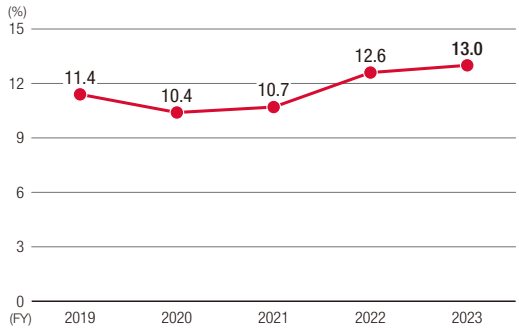
Water Intake and Recovered/Reused Water at Manufacturing Sites



■ Water intake ■ Volume of water recovered/reused
-●- Percentage of water recovered/reused (Right axis)

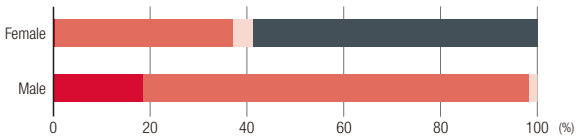
As part of our resource recycling efforts in the "ROHM Group Environmental Vision 2050", we are aiming to improve our water recovery and reuse rate by 5.5% or more by FY2030 compared to FY2019 levels. In FY2023, we improved the rate by 2.4% compared to FY2019, proceeding to systematically install water recycling equipment in our manufacturing sites.

Percentage of Women in Management Positions



As stated in the Medium-Term Management Plan, our aim is to increase the percentage of women in management positions in the whole Group to 15% by FY2025 and to 20% by FY2030. We will make every effort to achieve our goals by continuing to enhance training opportunities, revising existing systems, and implementing new systems.

Male/Female Ratios by Occupation (Non-Consolidated)

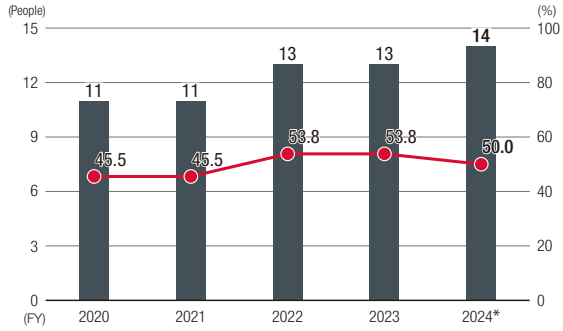


■ Management level ■ Core position staff* ■ Expert and engineering staff
■ Limited position staff*

When the average wage of all employees is calculated by gender, there is a discrepancy between men and women at ROHM. We have determined the main reason to be differences in the male/female ratios by occupation. We do not intend to forcibly rectify this situation, as it relates to the way each individual wishes to work. However, we have established a "Course Change System" to provide employees who wish to do so with opportunities to take on new challenges. (→P.49 Human Capital Initiatives: The Course Change System, P.97 Primary ESG Data: Average benefit amount during the year)

* Explained in the Glossary

Number of Directors and Percentage of Outside Directors



■ Number of directors
-●- Percentage of outside directors (Right axis)

* As of the end of June 2024

Efforts are ongoing to achieve the goal of increasing the number of outside directors to a majority, as set forth in the Medium-Term Management Plan.

Eleven-Year Financial Summary

Financial Data / Fiscal year	2013	2014	2015
Net sales	331,087	362,772	352,397
ICs	154,183	169,916	164,080
Discrete semiconductor devices	117,746	129,047	126,436
Modules	31,648	36,083	36,370
Others	27,509	27,725	25,510
Cost of sales	227,014	235,042	230,662
Gross profit	104,073	127,729	121,734
Selling, general and administrative expenses	80,437	88,929	88,099
Operating profit	23,635	38,800	33,635
ICs	9,216	22,286	7,660
Discrete semiconductor devices	14,087	15,909	21,504
Modules	1,442	2,086	4,594
Others	-796	-900	262
Adjusted amount	-313	-581	-387
Ordinary profit	35,915	59,218	36,625
Profit attributable to owners of parent	32,091	45,296	25,686
EBITDA	49,195	73,267	71,973
Capital expenditures	31,754	48,739	56,686
ICs	14,246	24,031	20,973
Discrete semiconductor devices	12,772	15,784	21,991
Modules	1,329	4,362	4,695
Others	1,970	2,188	1,315
Adjusted amount	1,435	2,373	7,709
Depreciation	25,559	34,467	38,338
R&D expenses	36,536	39,996	40,868
Cash flow from operating activities	59,134	72,381	78,901
Cash flow from investing activities	-21,621	-100,638	-22,436
Dividends paid	3,773	8,085	16,038
Purchase of treasury shares	37	15	17,006
Total assets	754,407	864,380	804,134
Total liabilities	91,019	111,946	97,883
Total net assets	663,387	752,433	706,251
Per Share Data			
Net income per share (yen)	74.41	105.04	60.48
Net assets per share (yen)	1,537.45	1,743.77	1,668.08
Dividend per share (yen)	12.5	32.5	32.5
Key Indicators			
Operating profit margin (%)	7.1	10.7	9.5
ROE (%)	5.0	6.4	3.5
(Ratio of net income to net sales) (%)	9.7	12.5	7.3
(Total asset turnover) (turnover)	0.46	0.45	0.42
(Financial leverage) (%)	113.9	114.4	114.5
ROA (%)	4.4	5.6	3.1
Equity ratio (%)	87.9	87.0	87.8
Dividend payout ratio (%)	16.8	30.9	53.7
Total return ratio (%)	16.8	30.9	119.7
Year-end share price (yen)	1,151.3	2,057.5	1,185.0
Market capitalization (millions of yen)	496,444	887,220	501,379
Price earnings ratio (PER) (times)	15.5	19.6	19.6
Price book-value ratio (PBR) (times)	0.7	1.2	0.7
Dividend yield (%)	1.1	1.6	2.7
Cash conversion cycle (CCC) (months)	6.6	6.3	6.4
Exchange Rate Data			
Foreign exchange rate (average yen-dollar rate)	100.0	110.0	120.0

* ROHM conducted a four-for-one common stock split on October 1, 2023. Net income per share, net assets per share, dividend per share, and year-end share price through FY2022 are calculated adjusted for the stock split.

(Millions of yen)

2016	2017	2018	2019	2020	2021	2022	**2023**
352,010	397,106	398,989	362,885	359,888	452,124	507,882	**467,780**
161,195	183,430	183,313	170,432	168,103	203,895	233,704	**207,222**
130,036	149,915	152,861	139,038	142,389	188,093	212,241	**201,948**
39,608	41,829	40,158	33,275	29,213	32,835	34,326	**32,908**
21,169	21,930	22,655	20,139	20,181	27,299	27,610	**25,701**
234,967	252,591	254,727	251,125	242,252	289,803	314,220	**322,088**
117,042	144,515	144,262	111,759	117,635	162,320	193,661	**145,692**
85,215	87,510	88,352	82,269	79,146	90,841	101,344	**102,365**
31,827	57,004	55,909	29,489	38,488	71,479	92,316	**43,327**
9,064	20,181	15,990	12,578	15,752	32,988	48,158	**21,269**
20,916	32,193	30,054	10,407	21,053	32,774	34,529	**12,964**
1,793	3,793	5,918	3,491	2,145	4,442	4,284	**2,005**
1,497	2,968	4,093	1,948	1,846	5,018	5,088	**2,154**
-1,444	-2,132	-146	1,063	-2,308	-3,744	256	**4,932**
35,579	54,213	64,689	35,774	40,672	82,551	109,530	**69,200**
26,432	37,249	45,441	25,632	37,002	66,827	80,375	**53,965**
72,628	100,411	101,325	73,817	78,656	113,507	148,456	**115,396**
42,182	55,911	57,291	38,941	44,114	79,985	126,116	**186,755**
16,484	25,077	17,119	8,550	16,568	30,130	57,673	**42,714**
17,704	23,148	30,407	22,001	20,460	33,789	57,061	**130,969**
2,709	1,185	1,979	1,922	2,893	1,793	2,054	**1,188**
1,925	4,407	4,694	2,735	1,079	4,237	3,077	**1,808**
3,358	2,091	3,089	3,731	3,111	10,034	6,249	**10,074**
40,801	43,407	45,415	44,328	40,167	42,027	56,140	**72,069**
37,277	38,852	39,578	33,384	31,537	36,126	42,560	**44,423**
67,397	74,727	65,990	79,130	45,975	92,181	98,628	**82,858**
-38,742	-54,517	-53,997	-8,676	-40,844	-55,437	-88,738	**-431,952**
12,164	21,154	20,625	15,675	14,822	14,721	20,610	**19,463**
6	10	10,003	41,295	8,715	9	6	**20,005**
834,503	870,034	874,427	848,873	926,240	1,029,132	1,123,283	**1,481,274**
109,051	118,156	107,673	133,393	156,750	188,778	207,817	**513,172**
725,452	751,877	766,754	715,479	769,490	840,353	915,465	**968,102**
62.47	88.04	107.82	61.91	94.06	170.15	204.66	**138.81**
1,713.50	1,776.01	1,833.01	1,796.46	1,958.87	2,139.29	2,330.49	**2,506.78**
32.5	60.0	37.5	37.5	37.5	46.3	50.0	**50.0**
9.0	14.4	14.0	8.1	10.7	15.8	18.2	**9.3**
3.7	5.0	6.0	3.5	5.0	8.3	9.2	**5.7**
7.5	9.4	11.4	7.1	10.3	14.8	15.8	**11.5**
0.43	0.47	0.46	0.42	0.41	0.46	0.47	**0.36**
114.5	115.5	114.9	116.3	119.6	121.5	122.7	**138.4**
3.2	4.4	5.2	3.0	4.2	6.8	7.5	**4.1**
86.9	86.4	87.6	84.2	83.0	81.6	81.4	**65.3**
52.0	68.2	34.8	60.6	39.9	27.2	24.4	**36.0**
52.0	68.2	56.7	220.8	63.3	27.2	24.4	**72.8**
1,850.0	2,532.5	1,725.0	1,482.5	2,702.5	2,397.5	2,742.5	**2,428.5**
782,736	1,071,492	721,095	590,006	1,060,843	941,146	1,076,625	**937,257**
29.6	28.8	16.0	23.9	28.7	14.1	13.4	**17.5**
1.1	1.4	0.9	0.8	1.4	1.1	1.2	**1.0**
1.8	2.4	2.2	2.5	1.4	1.9	1.8	**2.1**
6.1	6.1	7.1	7.6	8.0	7.7	8.4	**9.7**
109.0	110.8	110.7	109.1	106.2	112.9	135.0	**144.4**

Primary ESG Data

Environment		Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
GHG Emissions								
SCOPE1	CO_2 Emissions from fuel combustion	Consolidated	t-CO_2	32,739	33,206	38,934	39,513	**36,688**
	PFC	Consolidated	GWP-t	96,813	96,773	125,246	134,198	**144,083**
SCOPE2		Consolidated	t-CO_2	787,392	769,234	780,811	601,299	**464,414**
SCOPE3		Consolidated	t-CO_2	6,021,451	6,170,646	8,361,894	8,146,551	**6,122,363**
Total		Consolidated	t-CO_2	6,938,395	7,069,859	9,306,885	8,921,562	**6,767,548**
Energy Consumption								
Total non-renewable energy consumption		Consolidated	MWh	1,515,142	1,480,876	1,525,665	1,259,119	**917,398**
Total renewable energy consumption		Consolidated	MWh	30,547	70,020	113,336	396,493	**700,097**
Water Usage								
Total municipal water supplies (or from other water utilities) (a)		Consolidated	1,000m^3	5,424	5,993	6,515	6,423	**6,264**
Fresh surface water (lakes, rivers, etc.) (b)		Consolidated	1,000m^3	724	727	822	875	**934**
Fresh groundwater (c)		Consolidated	1,000m^3	4,932	4,366	4,443	4,447	**4,390**
Total net fresh water consumption [(a)+(b)+(c)-(d)]		Consolidated	1,000m^3	1,636	1,701	1,643	1,506	**1,707**
Water Discharge								
Total (d)		Consolidated	1,000m^3	9,444	9,385	10,137	10,240	**9,881**
Freshwater surface water intake		Consolidated	1,000m^3	3,581	3,657	4,035	4,075	**3,651**
Wastewater discharged into rivers and lakes		Consolidated	1,000m^3	5,863	5,727	6,102	6,165	**6,230**
Total Pure Water Consumption								
Ultra-pure water usage		Consolidated	1,000m^3	6,480	6,269	6,946	6,784	**6,140**
Waste								
Total waste disposed		Consolidated	t	14,076	13,775	17,175	16,720	**14,606**
Waste landfilled		Consolidated	t	571	432	362	326	**205**
Waste recycled		Consolidated	t	13,505	13,343	16,813	16,394	**14,401**
Rate of waste recycled		Consolidated	%	95.9	96.9	97.9	98.0	**98.6**
Hazardous Waste (Specifically Controlled Industrial Waste in Japan)								
Total waste disposed		Consolidated	t	3,177	3,432	4,570	4,447	**3,829**
Waste landfilled		Consolidated	t	3	2	2	2	**1**
Waste recycled		Consolidated	t	3,174	3,430	4,568	4,445	**3,828**
Rate of waste recycled		Consolidated	%	99.9	99.9	99.9	99.9	**99.9**
Chemicals								
VOC		Consolidated	t	125	127	138	136	**103**
NOx		Consolidated	t	20	18	22	25	**20**
SOx		Consolidated	t	16	14	7	10	**8**

Social		Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Employee Demographics								
Consolidated	Male	Consolidated	Person	—	15,950	16,727	17,125	**16,862**
	Female	Consolidated	Person	—	6,420	6,674	6,629	**6,457**
	Total	Consolidated	Person	—	22,370	23,401	23,754	**23,319**
	Percentage of women	Consolidated	%	—	28.7	28.5	27.9	**27.7**
Engineers (STEM-related positions)	Male	Non-consolidated	Person	—	—	2,145	2,144	**2,247**
	Female	Non-consolidated	Person	—	—	139	124	**152**
	Percentage of women	Non-consolidated	%	—	—	6.1	5.5	**6.3**
Consolidated (by area)	Japan	Consolidated	Person	5,427	5,844	6,015	6,262	**6,575**
	Asia	Consolidated	Person	15,592	15,988	16,816	16,846	**16,016**
	America	Consolidated	Person	196	176	185	183	**156**
	Europe	Consolidated	Person	372	362	385	463	**572**
	Number of consolidated foreign employees	Consolidated	Person	16,365	16,402	17,242	17,354	**16,606**
Management Demographics								
Total number of employees in management positions (including junior, middle and senior classes)	Male	Consolidated	Person	1,454	1,608	1,089	1,134	**1,205**
	Female	Consolidated	Person	187	186	131	163	**180**
	Total	Consolidated	Person	1,641	1,794	1,220	1,297	**1,385**
	Percentage of women	Consolidated	%	11.4	10.4	10.7	12.6	**13.0**
Average Years of Service								
Average years of service	Male	Non-consolidated	Years	15.7	15.7	15.9	15.7	**15.6**
	Female	Non-consolidated	Years	10.0	10.9	11.4	11.8	**12.4**
	Total	Non-consolidated	Years	15.0	14.7	14.9	14.9	**14.9**

Social		Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Recruitment								
Number of new employees (total)		Non-consolidated	Person	186	130	207	269	**249**
Number of new graduates employed	Total	Non-consolidated	Person	172	111	131	180	**163**
	Male	Non-consolidated	Person	111	83	95	137	**130**
	Female	Non-consolidated	Person	61	28	36	43	**33**
Number of mid-career hires	Total	Non-consolidated	Person	14	19	76	89	**86**
	Male	Non-consolidated	Person	12	18	69	81	**77**
	Female	Non-consolidated	Person	2	1	7	8	**9**
Percentage of mid-career hires		Non-consolidated	%	7.5	14.6	36.7	33.1	**34.5**
Age Groups								
Percentage of employees by age group	Under 30 years old	Consolidated	%	—	27.7	28.4	31.4	**29.1**
	31-50 years old	Consolidated	%	—	62.3	60.9	56.9	**58.1**
	51 years old or older	Consolidated	%	—	10.0	10.7	11.7	**12.8**
Average age (consolidated)	Male	Consolidated	Age	—	36.8	37.4	37.9	**38.7**
	Female	Consolidated	Age	—	33.9	34.2	35.0	**35.5**
	Total	Consolidated	Age	—	36.0	36.5	37.1	**37.7**
People with Disabilities								
Percentage of employees with disabilities		Consolidated (Japan)	%	2.33	2.33	2.30	2.38	**2.27**
Salary								
Executive level*1 (base salary only)	Male	Non-consolidated	Yen	32,836,620	27,770,004	26,791,380	24,582,406	**28,235,916**
	Female	Non-consolidated	Yen	—	0	0	0	**0**
	Difference Ratio*2	Non-consolidated	%	—	—	—	—	**—**
Management level (base salary only)	Male	Non-consolidated	Yen	7,922,556	7,843,080	7,823,748	8,238,501	**9,723,126**
	Female	Non-consolidated	Yen	7,080,000	7,260,000	7,054,800	7,714,420	**9,788,307**
	Difference Ratio*2	Non-consolidated	%	89	93	90	94	**101**
Non-managerial level (base salary only)	Male	Non-consolidated	Yen	5,475,650	5,549,082	5,545,128	5,653,390	**6,073,645**
	Female	Non-consolidated	Yen	3,122,662	3,306,399	3,427,186	3,603,169	**4,040,877**
	Difference Ratio*2	Non-consolidated	%	57	60	62	64	**67**
Average benefit amount during the year - full-time employees		Non-consolidated	Yen	7,602,976	7,500,300	7,712,674	8,563,727	**8,920,579**
Uptake of Available Systems								
Percentage of annual paid leave taken		Non-consolidated	%	81.9	63.3	72.9	80.1	**81.7**
Number of employees using the parental leave system	Male	Non-consolidated	Person	8	17	35	48	**55**
	Female	Non-consolidated	Person	62	48	52	47	**35**
	Total	Non-consolidated	Person	70	65	87	95	**90**
Acquisition rate of childcare leave	Male	Non-consolidated	%	6.4	15.4	30.2	42.9	**55.6**
	Female	Non-consolidated	%	100	100	100	100	**100**
Return to work rate for childcare leave		Non-consolidated	%	89.8	91.7	96.6	97.8	**98.9**
Human Capital Development								
Average annual educational development hours per capital		Non-consolidated	Hours	—	—	12.7	13.2	**9.6**
Average annual educational development cost per capital		Non-consolidated	Yen	—	—	23,000	40,118	**33,142**
Average annual educational development hours per capital		Consolidated	Hours	—	—	—	—	**—**
Average annual educational development cost per capital		Consolidated	Yen	—	—	—	12,471	**14,023**
Accidents and Diseases								
Accident frequency rate		Consolidated	%	0	0.041	0.037	0.018	**0.116**
Accident intensity rate		Consolidated	%	0	0.00114	0.00159	0.00021	**0.00215**

*1 Executive level: internal directors and executive officers
*2 Formulas for calculating the difference ratio between male and female salaries: Average female salary / Average male salary x 100

Governance		Scope	Unit	June 2020	June 2021	June 2022	June 2023	June 2024
Top Management								
	Total*1	Non-consolidated	Person	11	11	13	13	**14**
	Independent directors*1	Non-consolidated	Person	5	5	7	7	**7**
	Female directors*1	Non-consolidated	Person	1	1	2	2	**2**
	Non-Japanese directors*1	Non-consolidated	Person	0	0	1	1	**1**
Average age*2		Non-consolidated	Age	59.5	60.2	61.0	61.8	**61.5**
Enrollment period as chief executive officer		Non-consolidated	Years	0	1	2	3	**4**
Average tenure of directors*3		Non-consolidated	Years	4.2	4.0	4.2	3.8	**4.5**

*1 Number of persons elected or appointed at the General Meeting of Shareholders in June each year.
*2 Age of those who are elected or appointed at the General Meeting of Shareholders in June each year.
*3 The term of office for newly appointed directors is counted as 0. The tenure for directors, who were formally corporate auditors and then appointed as directors (members of the Audit & Supervisory Committee) includes years in office as corporate auditors.

ESG Data
https://www.rohm.com/sustainability/esg

Independent Assurance Statement

To present society with information with even greater transparency and reliability, the environmental impact data contained in this report has undergone third-party verification by Bureau Veritas Japan Co., Ltd.

INDEPENDENT ASSURANCE STATEMENT

To: Rohm Co., Ltd.

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Rohm Co., Ltd. (Rohm) to provide limited assurance over its sustainability information selected by Rohm. This Assurance Statement applies to the related information included within the scope of work described below.

Selected information

The scope of our work was limited to assurance over the following information (the 'Selected Information'):

1) The following environmental data included within ROHM Integrated Report 2024, CDP Reports (the 'Report') and Sustainability Website (the 'Website') for the period of April 1, 2023 through March 31, 2024:
   - Greenhouse gas emissions (Scope 1 and Scope 2): CO_2 from energy, N_2O, HFC, PFC, SF_6 and NF_3 emissions use through business operations of Rohm Group's 15 sites within Japan and 9 sites outside Japan
   - Greenhouse gas emissions (Scope 3): emissions of category 4 within the boundaries defined by Rohm
   - Water: Water Input volume, Water discharge volume and Water recovery and recycling rate through business operations of Rohm Group's 15 sites within Japan and 9 sites outside Japan

2) The following environmental data reported internally to Rohm Group only for the purpose of internal management for the period of April 1, 2023 through March 31, 2024:
   - Energy use, Volume of water recovered and recycled and Total volume of water used through business operations of Rohm Group's 15 sites within Japan and 9 sites outside Japan

Reporting criteria

The Selected Information included within the Report needs to be read and understood together with the reporting criteria stated in the Report.
The Selected Information included within the Website needs to be read and understood together with the reporting criteria stated in the Website.
The Selected Information reported internally to Rohm Group only for the purpose of internal management needs to be read and understood together with the internal reporting criteria defined by Rohm.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:
- Activities outside the defined verification period;
- Any other information within the Report, which is not listed as the 'Selected Information'.
- Any other information within the Website, which is not listed as the 'Selected Information'.

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changes in business activities, acquisitions and disposals.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.
Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Verified greenhouse gas emissions

We performed our verification work on greenhouse gas emissions data in accordance with the requirements of ISO14064-3(2019).
Verified data in greenhouse gas assertion made by Rohm are as follows.

	Greenhouse gas emissions [t-CO_2e]	Boundary
Scope 1	180,771	CO_2 from energy use, N_2O, HFC, PFC, SF_6 and NF_3 emissions through business operations of Rohm Group's 15 sites within Japan and 9 sites outside Japan for the period of April 1, 2023 through March 31, 2024
Scope 2 (market-based)	464,414	
Scope 3 (Category 4)	35,320	Emissions of category 4 within the boundaries defined by Rohm for the period of April 1, 2023 through March 31, 2024

Conclusion

On the basis of our methodology and the activities described above:
- Nothing has come to our attention to indicate that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria;
- It is our opinion that Rohm has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our work.

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.
Bureau Veritas operates Quality Management System which complies with the requirements of globally recognized quality management standard, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, quality reviews and applicable legal and regulatory requirements which we consider to be equivalent to ISQM 1 & 2[1].
Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)[2], across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality,

[1] International Standard on Quality Management 1 & 2
[2] International Federation of Inspection Agencies - Compliance Code - Third Edition

Ref: BVJ_20711917

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

This preparation and presentation of the Selected Information in the Report and the Website are the sole responsibility of the management of Rohm.
Bureau Veritas was not involved in the drafting of the Report, of the Website, or of the Reporting Criteria.
Our responsibilities were to:
- obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Directors of Rohm.

Assessment Standard

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Effective for assurance reports dated on or after December 15, 2015) issued by the International Auditing and Assurance Standards Board.
For the greenhouse gas emissions data, we undertook verification in accordance with the requirements of ISO14064-3 (2019): Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements.

Summary of work performed

As part of our independent verification, our work included:
1. Conducting interviews with relevant personnel of Rohm;
2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
3. Reviewing documentary evidence provided by Rohm;
4. Reviewing Rohm systems for quantitative data aggregation and analysis;
5. Verification of sample of data back to source by carrying out five physical site visits and one remote audit, selected on a risk based bases at the following locations:
   [Physical site visits]
   - ROHM CO., LTD. HEAD OFFICE
   - LAPIS SEMICONDUCTOR CO., LTD. MIYAZAKI PLANT
   - LAPIS SEMICONDUCTOR CO., LTD. MIYAGI PLANT
   - ROHM APOLLO CO., LTD. CHIKUGO FACTORY
   - ROHM Integrated Systems (Thailand) Co., Ltd.
   [Remote audits]
   - ROHM Electronics Dalian Co., Ltd.
6. Reperforming a selection of aggregation calculations of the Selected Information;
7. Comparing the Selected Information to the prior year amounts taking into consideration

Ref: BVJ_20711917

professional behavior and high ethical standards in their day-to-day business activities. We consider this to be equivalent to the requirements of the IESBA code[3].

Bureau Veritas Japan Co., Ltd.
Yokohama, Japan
July 5, 2024

[3] Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants

Ref: BVJ_20711917

Glossary

Term	Meaning
ADAS	Stands for Advanced Driver Assistance System, which is a system that helps drivers operate their automobiles.
BCM	Stands for Business Continuity Management.
BCP	Stands for Business Continuity Plan.
Core position staff*	Job categories that play a core role in business strategy through corporate planning, R&D, etc.
CVC	Stands for Corporate Venture Capital, which is a program whereby a business firm uses its own funds to support or invest primarily in nonpublic emerging companies (start-ups).
FAE	Stands for Field Application Engineer, which is a job in which an individual who does not belong to the product development division is responsible for selling products to particular regions or customers. This position is held by an engineer who provides customers with technical support for products and various applications.
Flexible line*	A production line that can manufacture various products on the same production line without human intervention.
FMEA	Stands for Failure Mode and Effects Analysis. A method for evaluating and eliminating risks associated with products and manufacturing processes at the design stage.
GaN	Stands for Gallium Nitride, which is a compound semiconductor material used in next-generation power devices. This substance is superior to silicon, which is the material normally used in semiconductors, in its physical properties, and it is starting to be used for its high-frequency properties.
ICP	Stands for Internal Carbon Pricing. A system for companies to set their own carbon prices for CO_2 emissions.
IDM	Stands for Integrated Device Manufacturer. This means that the manufacturer has all the facilities necessary for doing everything in-house, from product development through manufacturing.
IGBT	Stands for Insulated Gate Bipolar Transistor, which is a transistor that combines a MOSFET and a bipolar transistor. It has both low on resistance and relatively rapid switching, and it is currently used in a broad range of areas for voltage control of large power.
Limited position staff*	Job categories that ensure smooth execution of business operations through routine and essential work tasks.
MOSFET	Stands for Metal Oxide Semiconductor Field Effect Transistor. This type of transistor is commonly used in various electronic devices because it allows high-speed switching and low-power consumption compared with bipolar transistors.
MOT	Stands for Management of Technology. An academic discipline for management methods, focusing on technological R&D and continuous innovation.
OSAT	Stands for Outsourced Semiconductor Assembly and Test. A manufacturer that undertakes assembly and testing, which are post-processes in the manufacturing of semiconductors.
PFC	Stands for Perfluorocarbon. PFCs, which are a type of fluorine, are compounds comprising carbon and fluorine and are generated in the semiconductor wafer manufacturing process. PFCs cause global warming.
PME*	Stands for Product Marketing Engineer. A person who possesses full knowledge of advanced technology and authority for new product development. This position is affiliated with the product development division and is responsible for both planning and sales of products developed by the development division.

* ROHM's terminology

Participation in Sustainability Initiatives and External Evaluations

Participation in Sustainability Initiatives

United Nations Global Compact (UNGC)

The UNGC is an international initiative for companies and other organizations that strives to realize a sustainable society by exercising responsible and innovative leadership across the ten principles in the four areas of "human rights," "labor," "environment," and "anti-corruption." ROHM became a signatory in May 2011 and supports the ten UNGC principles.

Task Force on Climate-related Financial Disclosures (TCFD)

With the aim of achieving a carbon-free society, ROHM expressed support for the TCFD recommendations in September 2021. In recognition that "climate change" is one of the most important issues affecting our business activities, we are disclosing information in line with the TCFD recommendations and striving to realize a sustainable society.

Science Based Targets initiative (SBTi)

The GHG emissions reduction targets that ROHM has set for FY2030 were recognized as having a scientific basis for achieving the 2°C target of the Paris Agreement, and ROHM received certification for "1.5°C level" from SBTi. Rather than merely striving to solve societal issues by contributing to energy savings and miniaturization with semiconductors, we recognize that it is also essential to reduce environmental impact across all our business activities including manufacturing processes, and we are actively using renewable energy and installing environmentally friendly production equipment throughout the entire Group.

International Initiative RE100 (Renewable Energy 100%)

ROHM has been a member of RE100 since April 2022, which is an international corporate initiative that aims to use 100% renewable energy for electricity used in business operations. We are working to gradually increase the amount of renewable energy introduced and aim to achieve the goal of 100% renewable electricity use for all our business activities in Japan and overseas by FY2050.

Japan Climate Initiative (JCI)

ROHM participates in the JCI, a network for realizing a carbon-free society. JCI was established to strengthen information sharing and exchange of opinions among companies, local governments and NGOs that are actively engaged in climate change measures in Japan.

External Evaluations

Selected as a constituent of the "FTSE4Good Index Series" and "FTSE Blossom Japan Index"

ROHM has been selected as a constituent of the "FTSE4Good Index," developed by the British company FTSE Russell, for 21 consecutive years. Additionally, ROHM has been selected as a constituent of the "FTSE Blossom Japan Index" for the seventh straight year. The index was selected by the Government Pension Investment Fund (GPIF) in 2017 as an ESG Index in Japanese stocks.

Selected as a constituent of the "FTSE Blossom Japan Sector Relative Index"

The FTSE Blossom Japan Sector Relative Index is designed to be sector-neutral, reflecting the relative performance of Japanese companies that excel in environmental, social and governance (ESG) in their respective sectors. In order to facilitate the transition to a low-carbon economy, for companies with particularly high GHG emissions, only those that are recognized for their improvement efforts by the TPI Management Quality Score are included.

Selected as S&P Global's "Sustainability Yearbook Member"

ROHM was selected by US firm S&P Global as a "Sustainability Yearbook Member" in "The Sustainability Yearbook 2024," which lists companies with outstanding sustainability performance, as one of the top 15% of firms in the Semiconductors & Semiconductor Equipment Industry category. S&P Global annually assesses the sustainability performance of the world's leading companies from "economic," "environmental," and "social" perspectives based on their proprietary Corporate Sustainability Assessment (CSA) methodology and lists leading companies demonstrating particular excellence in each industry in "The Sustainability Yearbook." In FY2023, they evaluated more than 9,400 companies worldwide in 62 industries.

Received AA in "MSCI ESG Ratings"

ROHM has received an AA rating from US firm Morgan Stanley's group company MSCI in their ESG Rating. MSCI makes its evaluations based on key ESG issues tackled by the company considering the ESG issues faced in their industries.

Awarded "Silver" in EcoVadis' Sustainability Rating

ROHM was awarded "silver" for EcoVadis' Sustainability Rating in 2023. EcoVadis is a third-party organization that evaluates and monitors the sustainability of supplier companies, assessing the CSR activities of more than 100,000 organizations and companies in 175 countries and 200 industries from four perspectives: environment, labor & human rights, ethics, and sustainable procurement.

Selected for the highest rating "A List" in CDP's Water Security Questionnaire

For the third consecutive year, ROHM has been selected for CDP's "Water A List," the highest rank in a questionnaire on water resource management conducted by CDP, an international environmental NPO. Additionally, in the climate change category, we scored an A- (leadership level) for our advanced activities. CDP surveys about 23,000 companies worldwide and rates them on a scale of A to D- based on how effectively they are addressing issues such as climate change, deforestation, and water security.

Certified as "Health and Productivity Management Organization - White 500"

ROHM has been certified as a "Health and Productivity Management Organization" by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (Japan Health Council) for the seventh consecutive year. This is a program that honors companies, including large corporations and small and medium-size enterprises, that are practicing particularly excellent health management based on initiatives that align with local health issues and health promotion efforts promoted by the Japan Health Council.

Statement of Authenticity

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

ROHM annually publishes the Integrated Report as a tool for communication with shareholders, investors, and other stakeholders, with the aim of furthering understanding of our efforts to realize sustainable corporate value enhancement.

The IR Division of the Corporate Strategy Headquarters plays a central role in producing this report, in cooperation with management and related departments through regular meetings. This report is used to explain ROHM's vision, and the medium- to long-term management strategies to achieve it, and is used in IR meetings with shareholders and investors. The evaluations and opinions obtained from the dialogue at this time are fed back to the Board of Directors for serious consideration and continuous improvement, so that they can be reflected in the planning of the following year's Integrated Report.

The "ROHM Integrated Report 2024" describes specific financial and non-financial strategies based on the Medium-Term Management Plan "Moving Forward to 2025," and the value creation process toward becoming a major global player in FY2030, while firmly inheriting the company's founding spirit, including the Company Mission and emphasis on the field. In particular, we have clearly defined the type of person and organization we seek as we promote human capital management. As a further feature, we have enhanced the financial logic tree by holding internal discussions to identify how non-financial strategies can lead to increased shareholder value (PBR improvement). The tree charts the logic by which financial indicators such as sales growth rate and WACC, as well as non-financial indicators such as decarbonization-related indicators and employee engagement, can be improved, leading to improved ROE, higher PER, and enhanced shareholder value. We hope we can gain the understanding of our stakeholders.

As the person responsible for the publication of this Integrated Report, I declare that it has undergone due process and that the information contained in it is accurate.

The Integrated Report is a self-assessed report card on management. However, it should not end unilaterally; external feedback through dialog is vitally important. We believe that this report provides a valuable opportunity to reflect on our company and improve the quality of our management. We would like to thank all of our stakeholders for their candid opinions and requests.

Company Information/Stock Information

Company Name	ROHM Co., Ltd.
Date Established	September 17, 1958
Headquarters	21 Saiin Mizosaki-cho, Ukyo-ku, Kyoto 615-8585, Japan Tel: +81-75-311-2121 Fax: +81-75-315-0172
Capital	86,969 million yen (fiscal year ended March 2024)
Representative	President Isao Matsumoto
Sales Volume	Consolidated 467,780 million yen (fiscal year ended March 2024)
Number of Employees	Consolidated 23,319 (as of March 31, 2024)

Total Number of Shares Authorized to be Issued	1,200,000,000
Total Number of Shares Issued	412,000,000 (Including 26,039,364 shares of treasury stock)
Total Number of Shareholders	78,819 (as of March 31, 2024)
Listing Stock Markets	Prime Section, Tokyo Stock Exchange
Securities Code	6963
Administrator of the Registry of Shareholders	Mitsubishi UFJ Trust and Banking Corporation
Independent Auditor	Deloitte Touche Tohmatsu LLC

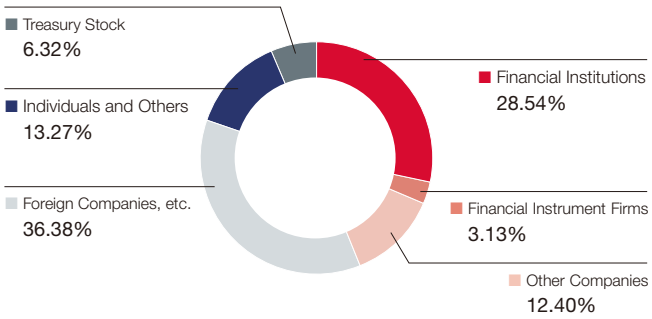
Major Shareholders (Top 10 Shareholders)

(As of March 31, 2024)

Name	Number of Shares Held (Thousands of shares)	Ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	57,278	14.84
Rohm Music Foundation	41,540	10.76
Custody Bank of Japan, Ltd. (Trust account)	30,497	7.90
The Bank of Kyoto, Ltd.	10,427	2.70
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	7,374	1.91
STATE STREET BANK WEST CLIENT - TREATY 505234	6,569	1.70
BBH FOR FINANCIAL INVESTORS TRUST-SEAFARER OVERSEAS GROWTH AND INC FD	6,000	1.55
SSBTC CLIENT OMNIBUS ACCOUNT	5,477	1.41
STATE STREET BANK AND TRUST COMPANY 510312	5,351	1.38
STATE STREET BANK AND TRUST COMPANY 505223	4,783	1.23

Notes 1. The percentages of ownership are rounded to the nearest hundredth.
2. 26,039 thousand shares of treasury stock are excluded from the list above. Treasury stock does not include the company's shares held by the ESOP trust (19 thousand shares).
3. Ownership is calculated by deducting the number of treasury stock from the total number of shares issued.

Breakdown of Shareholders



For further information, please visit:
https://www.rohm.com/ir/stock

FAQ from Investors

Q 1 You have claimed that you will seek to become a major global player in FY2030. What exactly do you mean by a major global player?

Answer We will further expand sales and increase our share in overseas markets, aiming to become a company that is recognized globally as a household name for power and analog products. Specifically, our goal is to become one of the world's top 10 companies in the field of power and analog semiconductors and achieve sales of 1 trillion yen. (→P.12 Message from the President)

Q 2 Could you please explain the reasons for the year-on-year decline in sales and profits for FY2023? Are the financial targets in the Medium-Term Management Plan achievable?

Answer In FY2023, sales and profits declined year-on-year amid the slowdown in the overall market and inventory adjustments by customers. Sales in the automotive market, which we focus on, increased, but sales ultimately fell year-on-year in all other markets, including industrial equipment. Due to higher fixed costs stemming from active investments in the SiC power devices business, the operating profit margin also narrowed. In order to achieve our Medium-Term Management Plan targets, we must ensure an earnings recovery in the plan's final year of FY2025. To do so, we have conducted a close scrutiny in FY2024 and have left our targets in place after determining they are not impossible to achieve. (→P.12 Message from the President; P.30 Message from the Corporate Officer in Charge of Finance)

Q 3 EV production volumes are floundering. What is the impact on the SiC power devices business? How will ROHM set itself apart from peers going forward?

Answer Amid the increasing electrification of automobiles worldwide, it is noted that EV growth in some markets is slowing due to smaller subsidies by various governments and demand winding down in FY2023. However, ROHM believes that the shift to EVs is entrenched over the medium- to long-term and will be a key driver to realizing a carbon-free society. We aim to capture the top market share based on the three strengths of (1) stable supply of high-quality products through IDM, from materials to finished products, (2) industry-leading device performance of SiC MOSFETs, and (3) the ability to propose solutions combining peripheral components, including isolated gate driver ICs. (→P.50 Special Feature: Helping Solve Social Issues through Further Advancement of SiC Power Devices)

Q 4 Amid a tendency for the focus to fall on SiC power devices, what efforts are you taking to improve IC earnings?

Answer Since it has become difficult to increase sales and development efficiency with only customization that meets individual customer requests, we are strengthening development of high-added-value ASSPs that meet the needs of multiple customers by deploying PMEs and identifying customer needs. Additionally, we designate ICs with especially strong sales growth and high added value as a strategic top 10 field, and are striving to lift the average IC unit price and expand profits by increasing the sales composition of those fields. (→P.52 Business Overview by Segment ICs)

Q 5 ROHM has invested 300 billion yen into the privatization of Toshiba. What synergies do you expect?

Answer ROHM and Toshiba are not just collaborating in the manufacture of power devices but also have numerous overlapping business areas, such as analog ICs, logic, microcontrollers and small-signal devices. The categories of our key products are also similar, and we believe we can generate considerable synergies by complementing each other. Since June 2024, ROHM and Toshiba Electronic Devices & Storage have commenced discussions aimed at improving the corporate value of both companies through strengthening collaboration in various business activities including technological development, production, sales, procurement, and logistics. (→P.12 Message from the President)

Q 6 What was the background behind the appointment of new directors?

Answer We have welcomed one new Director and one new Outside Director. Mr. Aoki, our new Director, has experience working in sales divisions for many years and has superior ability to drive global marketing and sales strategy. We expect him to further strengthen communication with our sales forces. Ms. Kozaki, our new Outside Director, has abundant experience nurturing new businesses as an expert on sustainable finance. We expect her to advise on realizing management that integrates financial and non-financial aspects on the Board of Directors and the Sustainability Management Committee. (→P.77 Messages from New Directors)

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Note : This report is a translation of the Japanese integrated report. The original version of this report is written in Japanese. In the event of any discrepancies in words, accounts, figures, or the like between this report and the original, the original Japanese version shall govern.

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