



May 10, 2022

To all concerned parties

Listed company name ROHM Co., Ltd.
Company Representative Isao Matsumoto, President,
Chief Executive Officer
(Code: 6963 Prime Section, Tokyo Stock Exchange)
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Notice of the Introduction of a Performance-Linked Transfer-Restricted Stock-based Remuneration System

ROHM Co., Ltd. (the “Company”) hereby announces that Board of Directors, as of May 10, 2022, reviewed the directors’ remuneration system and resolved to introduce a performance-linked transfer-restricted stock-based remuneration system (the “System”). The Company will submit a proposal regarding this System to 64th Ordinary General Meeting of the Shareholders scheduled to be held on 24, 2022 (the “Shareholders Meeting”).

1. Purpose of introducing the System

The current remuneration system for directors (directors of the Company other than directors who are members of the Audit & Supervisory Committee and outside officers. The “Eligible Directors”) is composed of fixed and performance-linked monetary remuneration, and restricted stock-based non-monetary remuneration.

As a part of its review of executive remuneration systems, the Company would like to introduce the System in order to provide an incentive for the Eligible Directors to continuously improve the Company’s corporate value through achievement of their performance objectives set out in the Company’s Medium-term Management Plan and improvement of performance in the medium to long term, and to align their interests more closely with those of shareholders.

As the System will be separate from the annual monetary remuneration claims of no more than ¥900 million yen (¥100 million yen annually for outside officers; excluding salaries for directors who also hold positions as employees) approved by shareholders at the 61th annual general meeting of shareholders held on June 27, 2019 and the annual stock remuneration of no more than ¥100 million yen (excluding directors who are members of the Audit & Supervisory Committee and outside officers) approved by shareholders at the 62nd annual general meeting of shareholders held on June 26, 2020, its introduction will require approval of shareholders at the Shareholders Meeting for the delivery of monetary remuneration claims for the purpose of granting ordinary shares of the Company to the Eligible Directors.

2. Outline of the System

Under the System, Eligible Directors will be delivered monetary remuneration claims in line with their achievement of performance objectives after a performance evaluation period between 3 to 5 fiscal years that is stipulated by the Board of Directors (the “Performance Cycle”). Subsequently, the Eligible Directors who receive the relevant monetary remuneration claims will receive the entire amount of monetary remuneration claims for deposit as contribution in kind for ordinary shares to be issued or disposed of to them by the Company upon vesting.

The number of ordinary shares of the Company to be issued or disposed under the System shall not

exceed 50,000 (if there is a stock split (including allotment of shares without contribution) or reverse stock split of the ordinary shares of the Company, or other circumstances which necessitate adjustment of the total number of shares to be issued or disposed under the System after this agenda has been approved, the total number of shares concerned will be adjusted to a reasonable extent.) for each Performance Cycle. It is assumed that monetary remuneration claims under the System will be provided in a lump sum to award ordinary shares of the Company, with the amount corresponding to remuneration for execution of duties for the relevant fiscal years in the Performance Cycle, and the amount shall be 50,000 shares multiplied by the share price at the time of delivery. Timing and details of the monetary remuneration claims to be delivered to each Eligible Director shall be left to the discretion of the Board of Directors, subject to the limit explained above. The System may be continued after the Performance Cycle, within the limits of approval granted by shareholders at the Shareholders Meeting.

When the Company issues or disposes of ordinary shares of the Company under the System, the Company and Eligible Directors are required to execute a restricted stock allocation agreement (the "Allocation Agreement") stipulating matters including (1) a period during which Eligible Directors may not transfer, assign security interest on, or otherwise dispose of ordinary shares of the Company to third parties (the "Transfer Restriction Period") and (2) that the Company will acquire the shares without remuneration at the occurrence of certain events. During the Transfer Restriction Period, the shares will be held in dedicated accounts to be opened by Eligible Directors at Nomura Securities to ensure the prevention of transfer, assigning of security interest, or other form of disposal during the Transfer Restriction Period.

Note: This report is a translation of the press release of the Company prepared in accordance with the provisions set forth in the Securities and Exchange Law and its related accounting regulations. The original version of this press release is written in Japanese. In the event of any discrepancies in words, accounts, figures or the like between this press release and the original, the original Japanese version shall govern.