

October 1, 2024

ROHM Co., Ltd. ESG Conference 2024 Q&A

No.1	Q.	Please tell us about your investment plans and your thoughts on cost to achieve the CO2 reduction target.
	A.	We believe that the introduction of large, highly efficient equipment is necessary to achieve our CO2 reduction target. We consider the performance of the equipment itself as one indicator, and with the introduction of ICP, we will proceed with consideration of both CO2 reduction and investment efficiency. In addition, there are various methods of introducing renewable energy, and we will proceed with the effective use of these methods.
No.2	Q.	How has the operation of the Board of Directors changed with the transition to an outside director as chair of the Board?
	A.	Originally, I (Matsumoto) was the chairperson until last year, but this year, an outside director became the chairperson, making it easier to express opinions from the executive side, and the meeting has become a place for free and vigorous discussion. When I was chairing the meeting, it was difficult to determine whether my opinions were those of the chairman or those of the executive side, but now that I can speak as the person in charge of execution, I think that this has improved the effectiveness of supervision.
No.3	Q.	I would like to hear about the introduction of Internal Carbon Pricing (ICP).
	A.	ICP has been under consideration internally for a long time and is scheduled to be introduced as one of the indicators for investment decisions starting in the second half of FY2024. We will start by limiting the operation to PFC detoxification equipment and ancillary equipment related to clean rooms, which are large equipment, but in the future we hope to introduce it to production facilities as well.
No.4	Q.	Regarding carbon neutrality, several companies have announced that they are moving up their 2050 targets. How about ROHM?
	A.	We understand and realize that there is a growing social demand to move up future targets. There are various situations that make us think about it. At this time, we have not yet decided on a specific date, but we are in the process of considering it and will let you know when we are ready to announce new initiatives and plans.
No.5	Q.	What does the Sustainability Management Committee discuss?
	A.	Specific topics discussed include the contents of ESG reports, evaluation results from external evaluation organizations, sustainability risks, governance structure, and the concept of human capital management. The contents are proposed to the Board of Directors for further discussion.
No.6	Q.	With the EV market slowing down, is SiC-related human investment experiencing a difficult situation?
	A.	Despite the current slowdown in the growth rate of BEVs, we expect the market to continue growing in the medium to long term. However, there is a sense of uncertainty, so instead of carrying out our investment plans continuously, we would like to proceed with investment and personnel arrangements based on demand. Since the building is almost ready, we will continue to monitor the situation closely to ensure that we do not over-invest.
No.7	Q.	There is a large difference between the results of the engagement survey between non-

	<p>consolidated and group companies; do you see this as a problem?</p> <p>A. We are currently conducting engagement surveys on a bi-annual basis for both non-consolidated and group companies, and we recognize that our overseas group companies are showing very high results. Rather than comparing company-by-company, we are considering monitoring changes over time at each group company. However, we believe that the figures are indeed lower in Japan than overseas, and we would like to take action, including improvements through dialogue as explained earlier.</p>
No.8	<p>Q. We recognize the following two major current issues when considering financial and non-financial issues from the perspective of corporate value.</p> <p>(1) Is your current strategy of aggressive investment really effective? (For SiC, Toshiba, etc.)</p> <p>(2) Assuming that (1) above is correct, is it possible to develop enough human capital to carry out the strategy? How will you secure human capital in the semiconductor industry, which is currently in a state of competition for human resources?</p> <p>A. (1) In the case of SiC, there is a particularly strong wind of BEV growth, and we are now in a phase where we are receiving strong demand from customers. We have been responding to this demand with the understanding that doing so is our contribution to society. However, we understand that the current EV growth rate has slowed and that the investment amount may be a little excessive. Now that the building is ready, we would like to control the real phase of production system expansion and curtail or adjust our investment while carefully monitoring the demand situation. By doing so, we would like to work on solving our customers' problems, which is our mission.</p> <p>We are considering various discussions with Toshiba, and we believe that various collaborations are essential in the semiconductor industry. With portfolio expansion, market changes, and the strengths and weaknesses of each company, it will be difficult to survive and contribute to society in this industry for a long time without collaborating with a variety of other places. We have not been able to give you specific details on this matter, but at this point we are in the midst of negotiations, and we will disclose details when we have something definite to say.</p> <p>(2) With regard to SiC in particular, we have acquired a new plant in Miyazaki Prefecture in Kyushu. We have received considerable backup from Miyazaki Prefecture, and we are strengthening our relationship through industry-government-academia collaboration in a consortium that includes Miyazaki University. In addition, since development personnel are needed in various areas, we would like to actively recruit new employees, including mid-career hires.</p>
No.9	<p>Q. With regard to discipline and governance regarding investment and recovery, while promoting large investments such as SiC and Toshiba, the business and competitive environment is changing, and there is a sense of uncertainty regarding investment recovery.</p> <p>For example, are there any opportunities to discuss a certain level of discipline, such as ensuring that SiC will become profitable in FY25 even if investments are reduced?</p> <p>A. Both for SiC and for the investment in Toshiba, the Board of Directors holds firm discussions. At the same time, the Board also monitors the progress of the current Medium-term Management Plan, and all board members discuss comprehensive investment decisions. The</p>

	<p>Board's discussions also include putting the brakes on changes in market conditions and reviewing the company's portfolio.</p> <p>We have not yet reached the conclusion that we will definitely return to profitability in FY2025 even if we have to reduce investment in SiC, as was mentioned earlier, but we would like to achieve profitability by achieving solid growth while avoiding over-investment.</p>
No.10	<p>Q. What measures do you think should be taken to further increase employee engagement for the future?</p>
	<p>A. We believe that we should promote various initiatives based on employees' firm understanding of the corporate philosophy that has been in place since the company's founding. As an event to commemorate the anniversary of the company's founding, the heads of departments themselves set up a meeting with all their subordinates to discuss the theme of the corporate philosophy, and engage in discussions about where they should aim to be in the future and what they should be like. We feel that this is one method. We would like to promote improvements by having each person understand the management philosophy and at the same time discussing the respective ideas of diverse people in the workplace.</p>