

ROHM Group Integrated Report

2020

Note : This report is a translation of 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.



To Our Stakeholders

Thank you for your continuing support and guidance.

My name is Isao Matsumoto; I was appointed President of ROHM Co., Ltd. on May 11, 2020.

Since our establishment, ROHM has consistently tackled difficult challenges under our corporate policy of “Quality First” as the company has continued to grow and expand. With the positioning of electronics within society undergoing enormous changes—the realization of automated driving, the evolution of AI, etc.—moving forward, we intend to continue implementing reforms with a spirit of challenge.

At the moment, the entire world economy is sunk in a vortex of confusion due to the impact of the COVID-19 pandemic. With eyes on our next period of growth, we are tackling our two major issues of increasing customer satisfaction through the development and manufacturing of products that customers require and overcoming the COVID-19 crisis with unwavering determination.

We would therefore greatly appreciate the ongoing support of our shareholders in these endeavors.

Isao Matsumoto

Company Mission

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

Basic Management Policy

Secure reasonable profit through a concerted company-wide effort for a comprehensive quality assurance program. Develop globally leading products by improving upon technologies held by each department for continued advancement of the company. Maintain healthy and vigorous lifestyles and refine intellect and humanitarianism, hence contributing to society. Search extensively for capable human resources and cultivate them as cornerstones for building long-term prosperity.

Management Vision

We focus on power and analog solutions and solve social problems by contributing to our customers' needs for "energy saving" and "downsizing" of their products.

President Policy 2020-2021

1. Foster a Corporate Culture that Encourages Challenges.
2. Increase Sales by Developing New Products, mainly on Power and Analog, which Provides Value to Many Customers' Products.
3. Drastically Increase Sales and Profit of Customers outside of Japan.
4. Optimize Supply Chain from Raw Material to Delivery to Customers.
5. Improve Quality through Manufacturing Reform and Strengthened BCM.
6. Provide a Working Environment where Employees Work Enthusiastically.

■ Editorial Policy

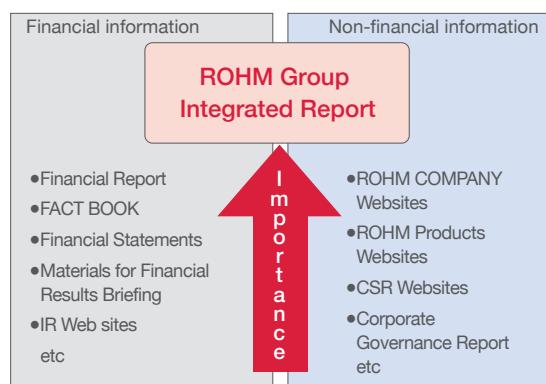
ROHM's CORPORATE OBJECTIVE is to provide products that meet our stakeholders' expectations in line with our policy of "Quality First," contributing to the promotion and enhancement of culture as well as social development.

Here, the term "quality" is interpreted to mean not only "product quality"—including product performance, cost, delivery, and service—but also "management quality" in the form of CSR within the company. By contributing to the realization of SDGs, ROHM

| | |
|-------------------------|---|
| Reporting Organizations | ROHM Co., Ltd. and all companies of the ROHM Group (affiliated companies in Japan and abroad) |
| Reporting Period | Fiscal year 2019 (April 1st, 2019 to March 31st, 2020) Reports on events and initiatives before and after this period are also discussed in section. |

Relationship with other reports

⟨Websites⟩



This report provides a summary of highly important financial and non-financial information regarding the ROHM Group.

aims to achieve both the continuous growth of the ROHM Group and the healthy development of society.

This report looks back over ROHM's history, reviewing the company's achievements and issues, with the aim of providing stakeholders with an integrated report of ROHM's efforts and progress with regard to issues, such as SDGs and ESG, that are directly linked to the company's business activities, as well as financial and non-financial information, in order to improve our corporate value moving forward.

Data published September 2020

Guidelines used for reference IIRC Framework

⟨Financial information⟩ <https://www.rohm.com/investor-relations>



⟨Non-financial information⟩ [CSR Initiatives] <https://csr.rohm.com/>



[Other ROHM Group Information] <https://www.rohm.com>



[Company Information] <https://www.rohm.com/company>



Company Information

| | | | |
|--------------|---|---------------------|--|
| Company Name | ROHM Co., Ltd. | Date Established | September 17, 1958 |
| Headquarters | 21 Saini Mizosaki-cho, Ukyo-ku, Kyoto 615-8585 Japan Tel: +81-75-311-2121 Fax: +81-75-315-0172 | Capital | 86,969 million JPY (as of March 31, 2020) |
| | | Representative | President CEO Isao Matsumoto |
| | | Sales Volume | Consolidated 362,885 million JPY (fiscal year ended March 2020) |
| | | Number of Employees | Consolidated 22,191 (as of March 31, 2020) |

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ROHM's Corporate Philosophy

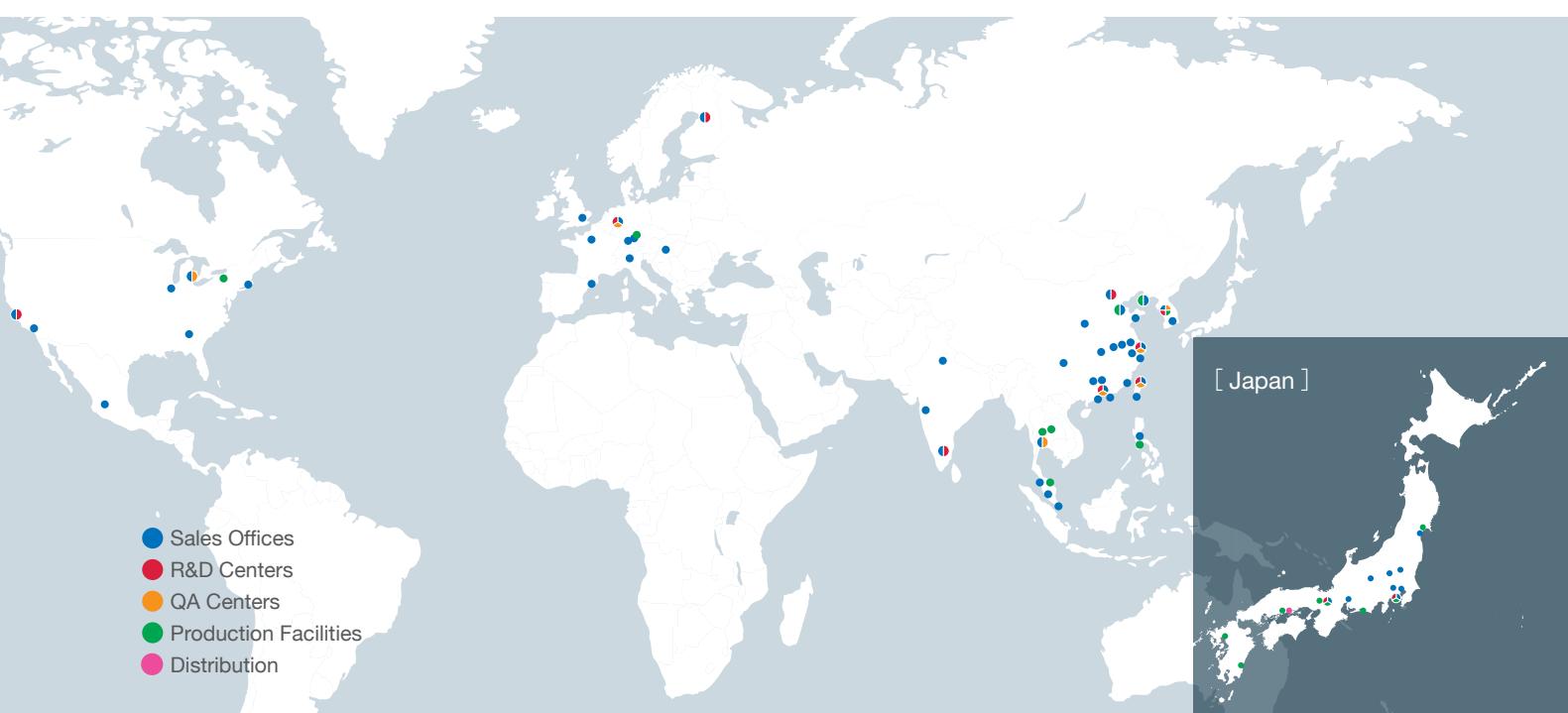
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Value Creation Efforts

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[Global]

Main Sales Offices

| | |
|---------|---|
| ASIA | ROHM Semiconductor Korea Corporation ROHM Semiconductor (Beijing) Co., Ltd. ROHM Semiconductor (Shanghai) Co., Ltd. ROHM Semiconductor (Shenzhen) Co., Ltd. ROHM Semiconductor Hong Kong Co., Ltd. ROHM Semiconductor Taiwan Co., Ltd. ROHM Semiconductor Singapore Pte. Ltd. ROHM Semiconductor Philippines Corporation ROHM Semiconductor (Thailand) Co., Ltd. ROHM Semiconductor Malaysia Sdn. Bhd. ROHM Semiconductor India Pvt. Ltd. |
| AMERICA | ROHM Semiconductor U.S.A., LLC LAPIS Semiconductor America |
| EUROPE | ROHM Semiconductor GmbH |

Technical Centers

| | |
|---------|---|
| ASIA | Korea Technical Center Beijing Technical Center Shanghai Technical Center Shenzhen Technical Center Taiwan Technical Center India Technical Center / India Design Center |
| AMERICA | Americas Technical Center (Santa Clara) |
| EUROPE | Europe Technical Center Finland Software Development Center |

QA Centers

| | |
|---------|---|
| ASIA | Shanghai QA Center / Shenzhen QA Center Taiwan QA Center / Korea QA Center Thailand QA Center |
| AMERICA | Americas QA Center |
| EUROPE | Europe QA Center |

Production Facilities

| | |
|---------|--|
| ASIA | ROHM Korea Corporation ROHM Electronics Philippines, Inc. ROHM Integrated Systems (Thailand) Co., Ltd. ROHM Semiconductor (China) Co., Ltd. ROHM Electronics Dalian Co., Ltd. ROHM-Wako Electronics (Malaysia) Sdn. Bhd. ROHM Mechatech Philippines, Inc. ROHM Mechatech (Thailand) Co., Ltd. |
| AMERICA | Kionix, Inc. |
| EUROPE | SiCrystal GmbH |

[Japan]

Sales Offices

| | | |
|----------|------------|-------------|
| Kyoto | Nagoya | Nishi-Tokyo |
| Tokyo | Utsunomiya | Sendai |
| Yokohama | Matsumoto | Takasaki |

Technology Centers

Kyoto Technology Center (Head Office)
Kyoto Technology Center (In front of Kyoto station)
Yokohama Technology Center

Production Facilities

ROHM Co., Ltd.
ROHM Hamamatsu Co., Ltd.
ROHM Wako Co., Ltd.
ROHM Apollo Co., Ltd.
ROHM Mechatech Co., Ltd.
LAPIS Semiconductor Co., Ltd.
LAPIS Semiconductor Miyagi Co., Ltd.
LAPIS Semiconductor Miyazaki Co., Ltd.

Distribution

ROHM Logistec Co., Ltd.

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ROHM History

Corporate flow

Product development and social trends

● Supplying high-quality, highly reliable products

1954

Establishment

ROHM's predecessor, Toyo Electronic Industry Corporation, was established in a former machiya townhouse in Kyoto, which was being used for storage. (Kamigyo-ku, Kyoto City).



1966

Formulation of corporate objective

At ROHM, we believe that product quality lies within the quality of people, actions, and things. Today, our principle of "Quality First" remains firmly rooted in each and every one of ROHM's employees.



1971

The first Japanese company to expand operations to Silicon Valley, USA



● Building a production system supporting stable supply

1976

Introduction of the "President's Prizes"

The inaugural "President's Prize" was awarded to an employee who successfully reduced the costs of the transistor die-binging process. The ROHM Presidential Award Ceremony was subsequently established in 1979 and continues to be held annually to this day, providing a tremendous boost to employees' motivation.



1979

Transformation into general parts manufacturer "ROHM"

The company's name was changed from "R.rohm" to "ROHM". This change was made after the company's semiconductor sales began exceeding sales of resistors. Company signboard backgrounds and walls in the corporate headquarters building were all switched to a uniform blue color.

1954

Establishment of a utility model for resistors

A utility model for "parallel lead fixed resistors" realizing significant miniaturization was acquired. This sparked growth in conjunction with a huge boom in transistor radios.



1967~

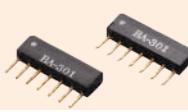
Expansion into semiconductors

Given the company's size at that time, expanding into the IC (integrated circuit) field could have been called a reckless move as it required an enormous amount of investment costs. Nevertheless, in 1968 ROHM finally perfected the diode arrays named "N4" and "P4" that were to become ROHM's first semiconductor products.

1971~

Commercialization of ROHM's first IC

Audio preamplifiers for cassette tape recorders were mass produced as ROHM's first IC products.



1976

Commercialization of the world's first square fixed resistor

These contributed significantly to the miniaturization and high functionality of electronic parts.

1984

Began sales of Laser Diodes

These were widely used as CD player pickup lasers.

Production of customized products in response to demand from consumer device manufacturers

Global demand for ICs increase

History of electronics

1950s



1960s

Color TV



1970s

Portable cassette audio



1980s

VTR



CD player



ROHM History

- Dec. 1954 Current director Ken Sato founded Toyo Electronics Industry and started development and distribution of carbon-film fixed resistor.
- Sep. 1958 Established Toyo Electronics Industry Corporation with capital of 2 million yen.

- Aug. 1970 Formed a corporation in California of the United States (hereafter, established production and sales headquarters in various locations abroad).
- Oct. 1970 Built Semiconductor Factory
- Aug. 1966 Established WAKO ELECTRONICS CO., LTD. (currently known as ROHM WAKO CO., LTD) in Kasaoka City, Okayama (hereafter established production headquarters in various locations in Japan).

(¥billion)

4,000

3,000

2,000

1,000

Net Sales

Operating Income

ROHM Origin of company name

"R" represents the first letter of our original main product, Resistors. This was put together with the unit for resistance " ohm". The "R" now also stands for "Reliability". "Quality First" is ROHM's corporate policy.

'55/3 '56/3 '57/3 '58/3 '59/3 '60/3 '61/3 '62/3 '63/3 '64/3 '65/3 '66/3 '67/3 '68/3 '69/3 '70/3 '71/3 '72/3 '73/3 '74/3 '75/3 '76/3 '77/3 '78/3 '79/3 '80/3 '81/3 '82/3 '83/3 '84/3 '85/3 '86/3 '87/3

● Supporting the digital society with advanced technological capabilities

1990~

1994
Acquired ISO9001 accreditation

1996
Acquired ISO14001 accreditation

2004
Acquired IATF16949 accreditation

The foundation for ROHM's quality assurance system was established through construction of a quality management system. Methods original to ROHM were developed for "improving manufacturing quality" as well as "improving customer satisfaction" in order to promote company-wide quality improvement, and broad quality improvements were realized.

2009

Introduction of the new brand logo



A new brand logo was introduced to mark the 50th anniversary of the company's foundation. The square shape represents semiconductors, while the color red expresses our entrepreneurial spirit. ROHM's corporate climate of boldly tackling new challenges has been our strength ever since the company's establishment.

1990~

"ROHM for customized ICs"

Growth in the digital device market
Use of ROHM's customized ICs in AV devices, digital cameras, mobile telephones, personal computers, and other digital device markets increased.

2000~

ROHM pours effort into development of a new material, SiC (silicon carbide)

ROHM started basic research on SBDs and MOSFETs in the next-generation semiconductor material SiC.



2010

A world first Mass-production of SiC-MOSFET began

Compared with Si (silicon), SiC (silicon carbide) has small power loss, high-speed operation and excellent high-temperature properties, and is expected to contribute to dramatic energy savings as well as downsizing and lightening. Beginning with industrial instruments, SiC is being used in automobiles, consumer devices, and various other electronics.

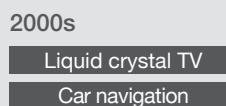
2020

Fourth Generation SiC Commercialization of MOSFET

ROHM further improved on-resistance per unit area by 40% compared to the Third Generation MOSFET, and mass production of the industry's top-level MOSFET began.

Contribution to broad energy saving arising from increased environmental awareness and concern

Lightening environmental load through innovative production technologies and production innovation

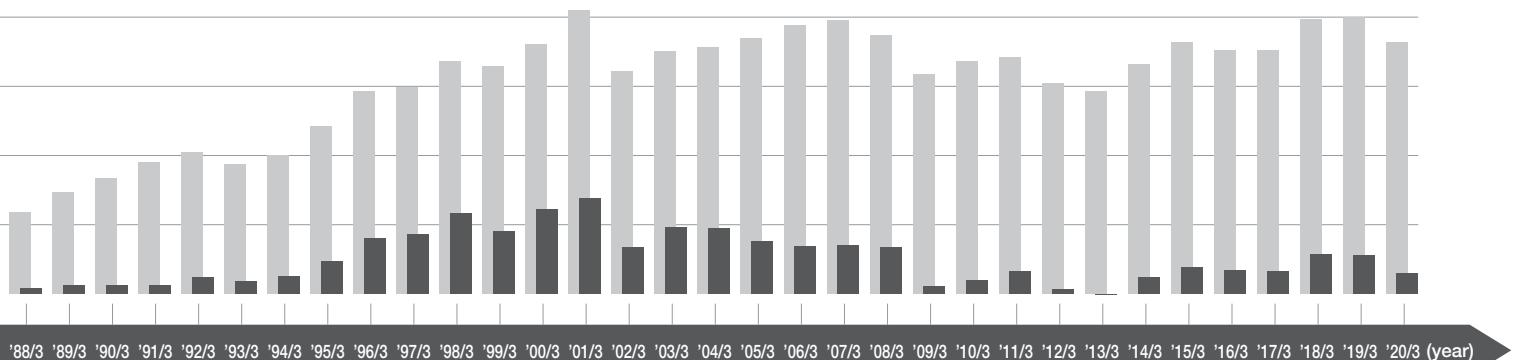


Jan. 1989 Listed on the First Section of the Tokyo Stock Exchange.

Oct. 2008 Acquired Oki Semiconductor Co., Ltd.
(currently known as LAPIS Semiconductor Co., Ltd.).

Jul. 2009 Acquired SiCrystal AG.

Nov. 2009 Acquired Kionix Inc.



ROHM's Business Model Supporting High Quality and Stable Supply

Semiconductors and electronic parts are said to be the “rice of the industry” (meaning indispensable). For example, one smartphone contains several hundred electronic parts. As electronic products become indispensable throughout the world, the number of electronic components they contain has become astronomical. In accordance with our corporate policy of “Quality First,” ROHM is supporting people’s lives and the foundations for everyday living, such as automobiles and social infrastructure.

High Quality

ROHM's production system uses numerous types of production equipment developed independently by ROHM based on our original quality assurance system. Huge quantities of products are produced in a day, and at ROHM we believe that technology development at our own factories and our quality assurance system are essential for further enhancing the quality of these products.

Stable Supply

ROHM's vertically integrated business model enables us to provide customers with a stable supply of products. In order to maintain a production system capable of responding flexibly to market changes and customers' diversifying needs, we are using an integrated production system centered on our in-house development.

Raw Materials

Wafer production from silicon ingot pulling



ROHM Apollo Co., Ltd.

Raw silicon

Si

Silicon



Silicon Ingot

In-House Photo Mask

Pursuing high quality through integrated quality control, from IC chip design layout to photo mask production



CAD

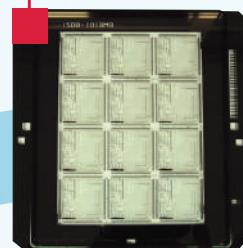
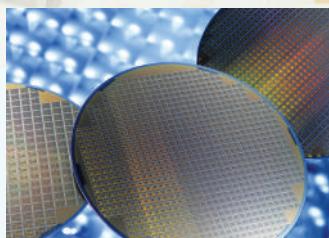


Photo Mask



Wafer Process

SiC

Silicon Carbide

Wafer



Kyoto Plant



Shiga Plant



ROHM
Hamamatsu
Co., Ltd.



ROHM Wako
Co., Ltd.
(Okayama)



ROHM Apollo
Co., Ltd.
(Fukuoka)



LAPIS
Semiconductor
Co., Ltd. (Miyagi)



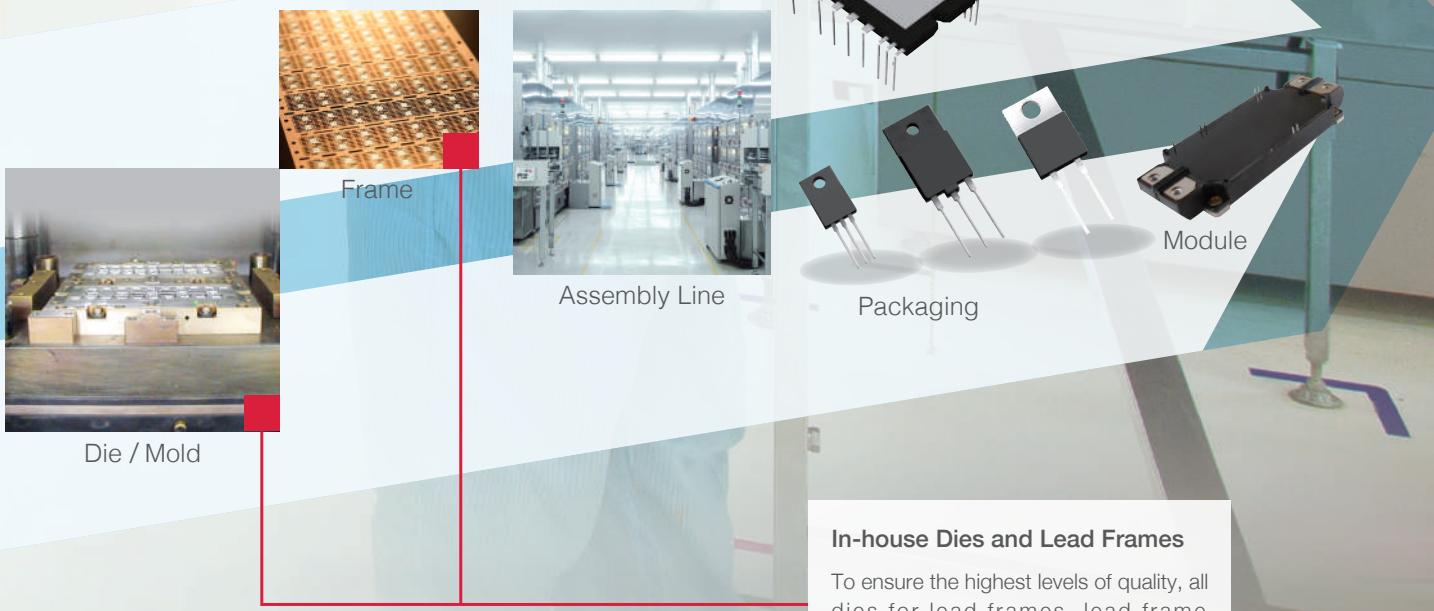
LAPIS
Semiconductor
Co., Ltd. (Miyazaki)



Strong BCP response capabilities

ROHM is currently developing a labor-saving production system and flexible production line for use in the assembly process. Furthermore, we are also promoting outsourcing to OSAT in addition to the ROHM Group's production network, thereby building a supply system that enables us to fulfill our supply responsibilities to customers even when we are faced with changes in market needs or emergencies.

OSAT:Outsourced Semiconductor Assembly & Test



In-house Dies and Lead Frames

To ensure the highest levels of quality, all dies for lead frames, lead frame punching, and molding are developed and produced in-house

Assembly Process



ROHM Korea
Corporation



ROHM Electronics
Philippines, Inc.



ROHM Integrated
Systems (Thailand)
Co., Ltd.



ROHM Semiconductor
(China) Co., Ltd.



ROHM Electronics
Dalian Co., Ltd.



ROHM-Wako Electronics
(Malaysia) Sdn. Bhd.

Tr Di SiC IGBT

IC S Tr Di R

IC Tr Di SiC IGBT
IPM S R Tc W

Di LED LP SDP

CIS PR SP

Tr Di LED

Product Line-Up

Utilizing our broad line-up, we provide solutions to various customers.



■ LSI

Power Management/Power Supply ICs

ROHM contributes to the evolution of battery operating time and equipment systems by efficiently providing optimized power to the MCU and CPU, which serve as the brains of the device.

Not only power-source ICs, but also optimal control ICs for each application are combined, enabling us to provide even more highly efficient and reliable solutions.

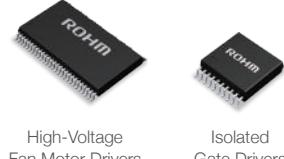


PMICs
(System Power Management ICs)

80V High-Voltage DC/DC Converters

Motor drive ICs (Motor controller ICs)

Nearly half of the total amount of electricity consumed in the world is said to be consumed by motors. With the diffusion of motor-powered products such as air-conditioners and robots, it is thought that electricity consumption will increase more and more. In order to contribute to the reduction of the world's electricity consumption, ROHM is developing high-precision motor drive ICs that operate motors efficiently.



High-Voltage Fan Motor Drivers

Isolated Gate Drivers

General-Purpose ICs

ROHM's systemized broad package line-up includes memory, op-amps, converters, reset ICs, data converts, and other products, contributing to the enhancement of functionality in a range of devices.



A rich lineup of packages suitable for a range of uses

Microcontrollers (Low-Power MCUs)

Using our own original low-power technology, we have developed microcontrollers that realize industry-leading low-energy consumption. So as to contribute to the enhanced reliability and energy saving functions of household appliances and industrial instruments, ROHM has lined up a series of tough microcontrollers that are resistant to noise and high-temperature environments.



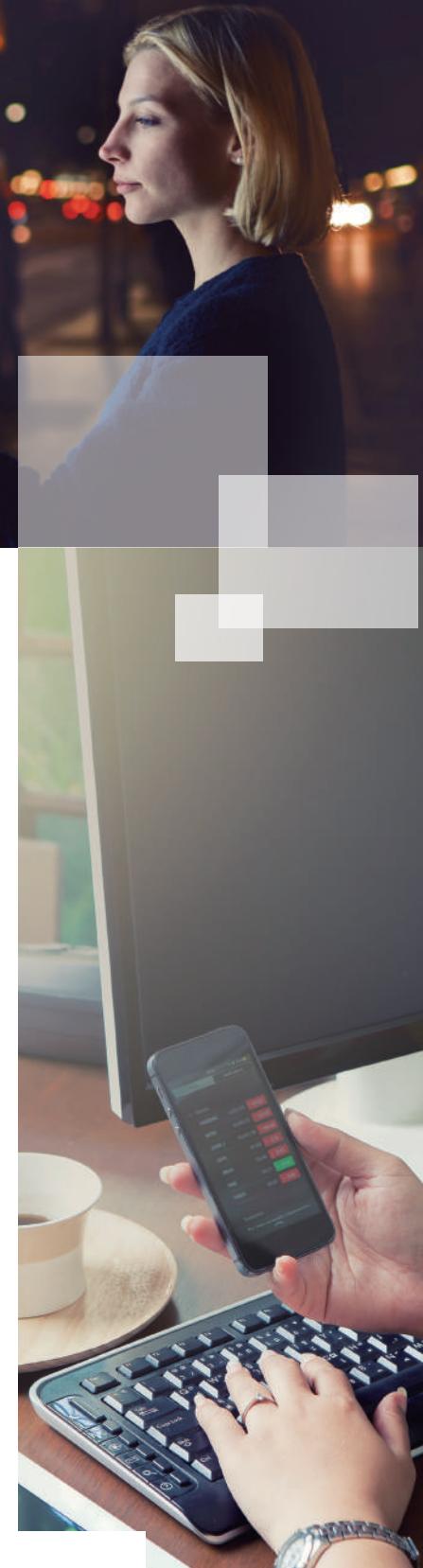
16-bit Low-Power Microcontroller

Sensor ICs

By combining plentiful sensor elements comprising MEMS (Micro Electro Mechanical Systems) and photonics technologies with optimal ASICs (application specific integrated circuits) utilizing these elements, ROHM is creating various sensor devices.



Atmospheric Pressure Sensors





■ Discrete Semiconductor Devices

Transistors

ROHM is currently expanding and improving our lineup of not only small signal transistors boasting top share in the world market, but also high-power compatible Si power transistors. From automobile and industrial instruments to smartphones, ROHM's transistors are contributing to a wide range of miniaturization and energy saving applications.



Small-signal
Transistors



MOSFET



TVS Diodes



Schottky Barrier
Diodes



SiC-MOSFETs



SiC Schottky Barrier
Diodes



IGBT



Compact High-intensity
3-Color Chip LEDs



Multi-Beam
Lasers



Ultra-High Speed Thermal Printheads
for industrial equipment



Wireless Charger Modules

■ Modules

Thermal Printheads

Our thermal printheads hold the top industry share in markets such as receipt printers and logistics barcode printers.

Modules

ROHM is developing composite modules that have been productized through technological collaboration between various departments within the company on supersensitive, highly reliable optical sensors, wireless communication, and other technologies. Moreover, we are also endeavoring to construct even more reliable lines for expansion into the fields of industrial and vehicle-mounted.



PSR series GMR series
High-Power Shunt Resistors

■ Others

Resistors

With resistors being our founding product, ROHM has consistently been an industry leader in resistor development, boasting such achievements as the development of the world's first square chip resistor (1976). We are further strengthening our lineup with high-reliability, high-power products that support the automotive and industrial equipment fields.



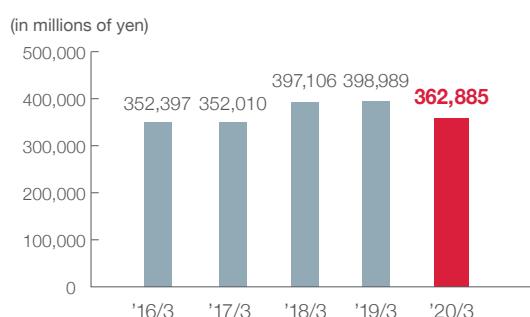
Key Financial Highlights

Results as of
March 31, 2020

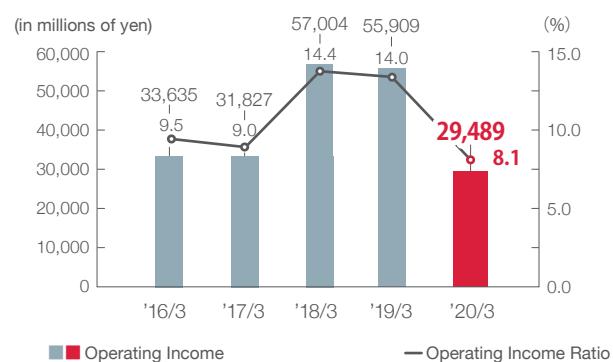
| | | |
|---|----------------------------|--------|
| Net Sales | 362,885 million yen | |
| Operating Income | 29,489 million yen | (8.1%) |
| Ordinary Income | 35,774 million yen | (9.8%) |
| Profit Attributable to Owners of Parent | 25,632 million yen | (7.1%) |

() : As % of Net Sales

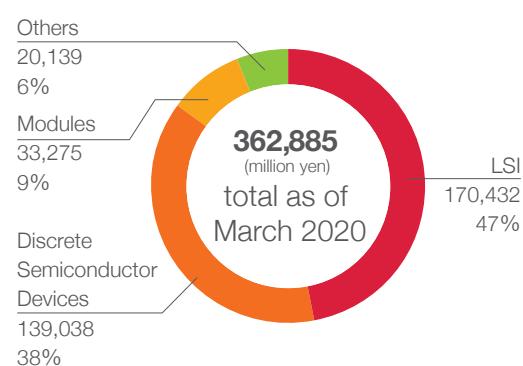
Sales



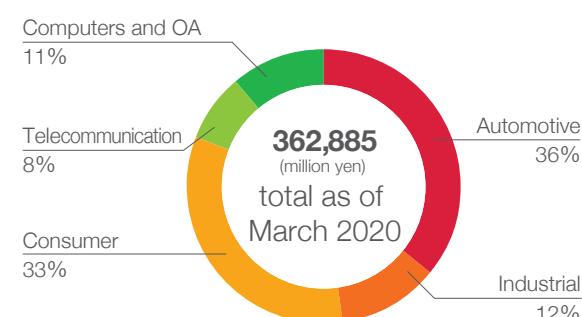
Operating Income/Operating Income Ratio



Sales by Segment



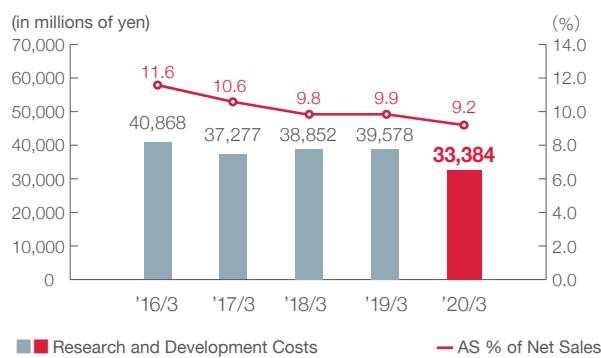
Sales by Application



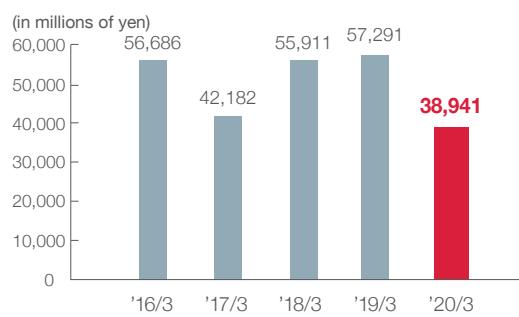
Note: Some figures are estimates.



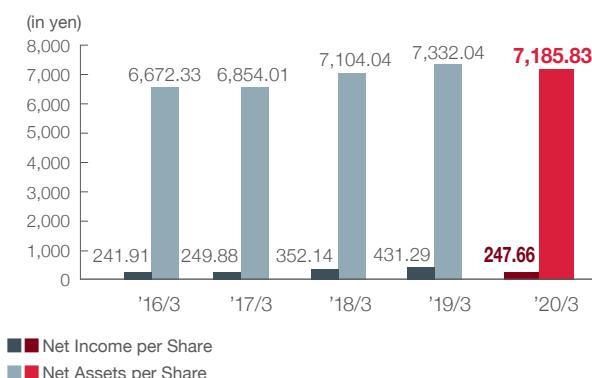
Research and Development Costs



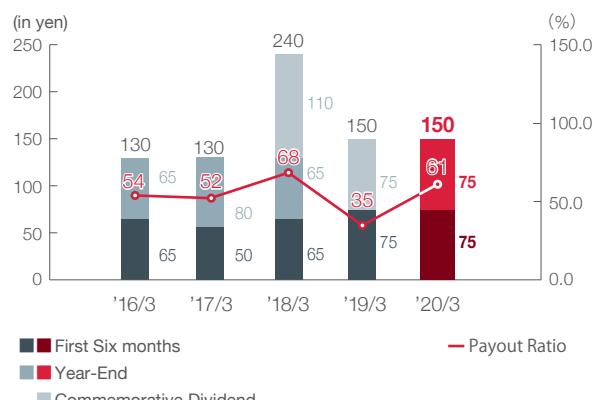
Capital Expenditures



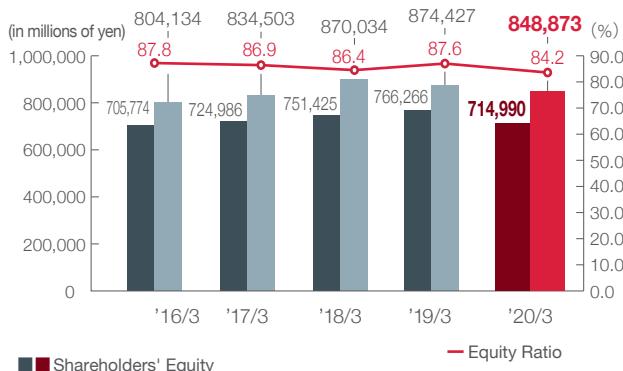
Net Income per Share/Net Assets per Share



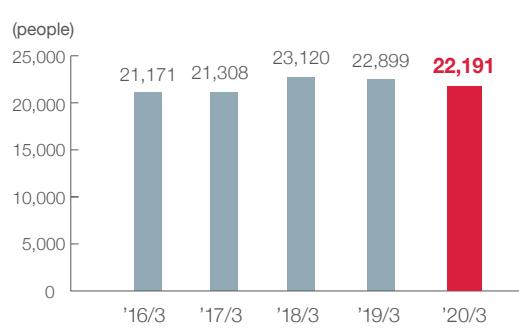
Dividends/Payout Ratio



Shareholders' Equity/Total Assets



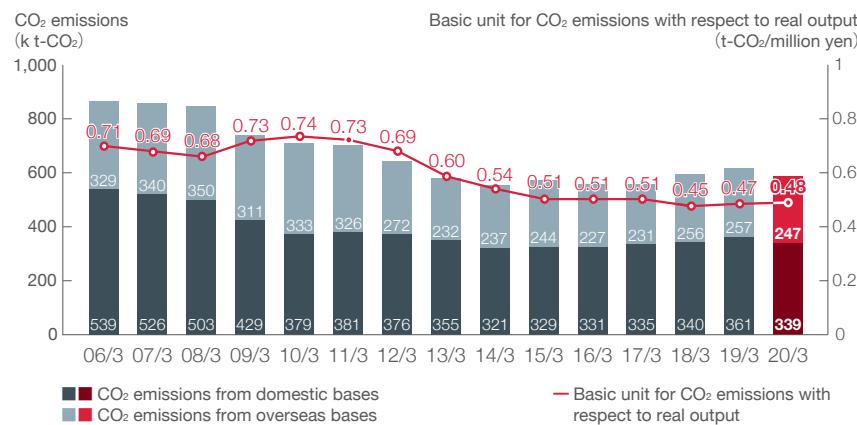
Number of Employees



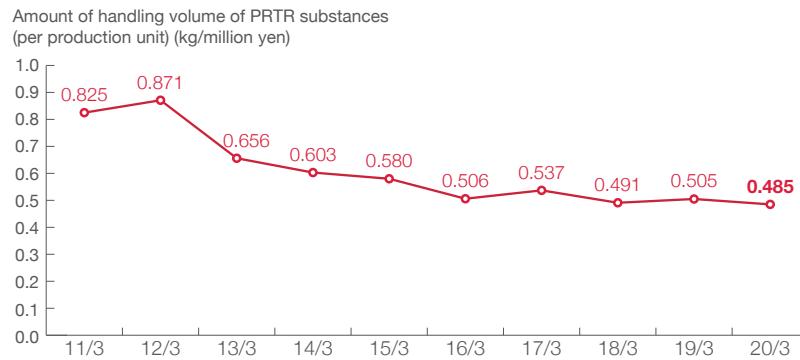
Investor relations webpage:
<https://www.rohm.com/investor-relations>

Key Non-Financial Highlights

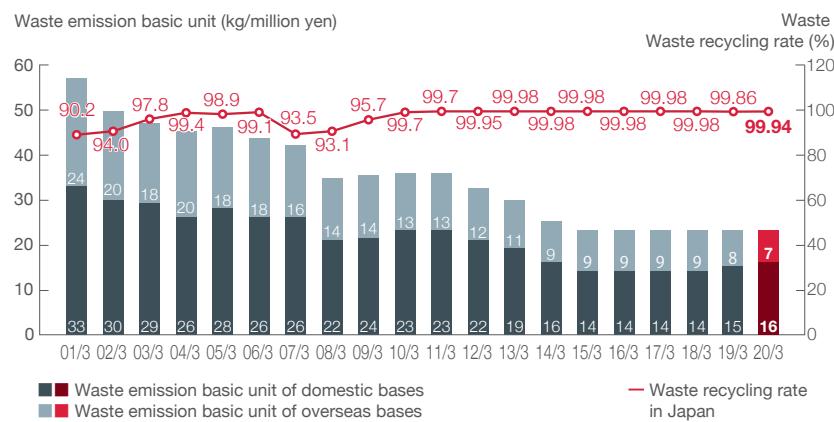
Reducing CO₂ Emission



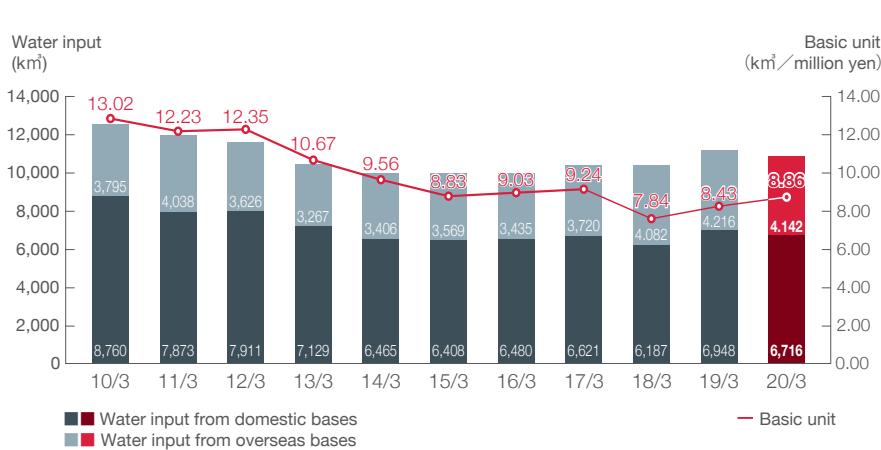
Amount of Handling Volume of PRTR Substance



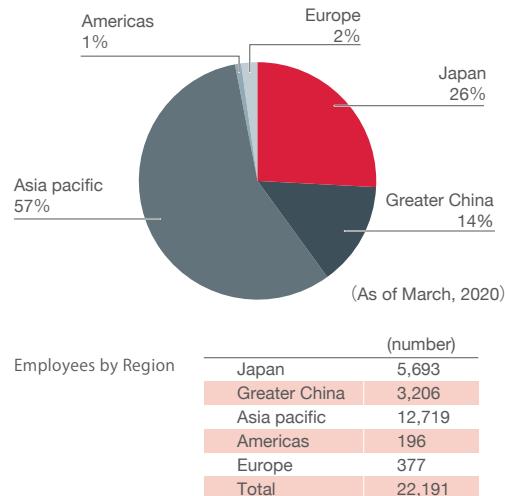
Waste Emission Basic Unit



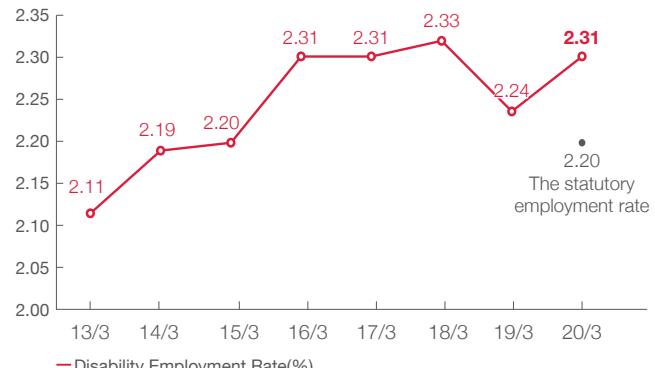
Water Input



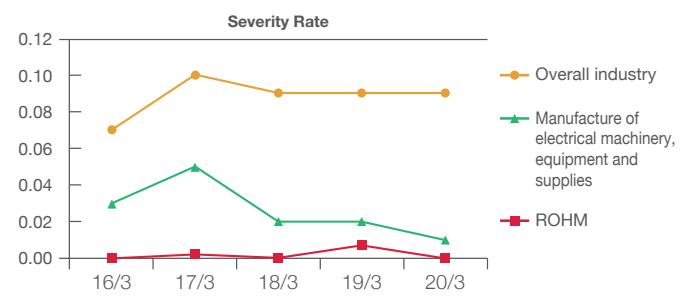
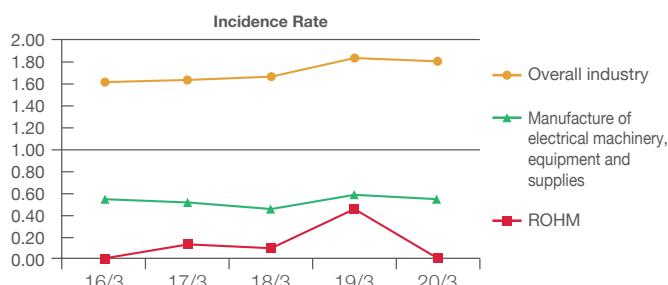
■ Employees by Region



■ Disability Employment Rate



■ Occupational Incidence Rate and Severity Incidence Rate



* Incidence Rate (Frequency of injury Occurrence) = Number of Casualties from Work-Related Injuries ÷ Total Labor Time × 1,000,000
 * Severity Rate (Severity of Disaster) = Total Number of Work Days Lost ÷ Total Labor Time × 1,000

Message from the President



SDGs are the source of CSV



Business Strategy

Basic Policy

At ROHM we believe that promoting innovative product development and high-quality manufacturing in order to create and improve perpetual and comprehensive corporate value is connected to both increasing customer satisfaction and contributing to society. In addition to pursuing the development of

new products that will delight customers, our basic policy is to make full use of our own independently developed production technology, supplying cost-competitive high-quality products perpetually and in mass quantities, and play a leadership role in the global semiconductor and electronic parts markets.

Medium-to-long term Management Strategy

With regard to the ROHM Group's performance for the fiscal year ended March, 2020, unfortunately, minus growth was unavoidable due to the harsh market environment that has continued since autumn of 2018. In addition, the business environment has become chaotic due to the impact of the COVID-19 pandemic since the beginning of 2020, with operations declining at several ROHM Group bases.

Amid these sudden developments, we can see huge changes in the environment surrounding us, such as the stagnation of economic activity and changes in people's lifestyles. In response to these radical changes, the ROHM Group intends to focus on medium-to-long term growth strategies and implementing measures while creating a system capable of responding to these sudden developments.

1. Focusing Markets

(1)Automotive/Industrial equipment-related markets

Automobile-related markets and industrial instrument-related markets are markets that demand high product quality, high reliability, and stable product supply in response to needs for increased energy saving and high functionality. Centered on our vertically integrated business model, ROHM will respond to new needs by utilizing our high-quality and stable supply system.

(2)Overseas markets

With the expansion of the global market, ROHM is working to create a system capable of broadly responding to overseas customers' needs as well as strengthen our developmental, marketing, and technological support. We are aiming to increase the percentage of sales to overseas customers to around 50%.

2. Focusing Products

(1)Power

As needs for energy saving are increasing more and more, we are strengthening our lineup of power device products such as transistors, diodes, and IGBTs. We are also strengthening our lineup and production system for SiC devices, for which market growth can be expected in the medium-to-long-term. Furthermore, we intend to present customers with proposals for optimal power solutions, combining power-source ICs for controlling power devices and isolated gate driver ICs.

(2)Analog

With electrification of automobiles accelerating and energy saving increasing in industrial instrument-related and white goods markets, ROHM will develop advanced analog solutions such as

motor drivers and power-source ICs for specific applications and LED driver ICs. Furthermore, we will also pursue collaboration with major processor manufacturers in order to respond to a wide range of market needs focusing on automobile-related and industrial instrument-related markets.

(3)Standard products

With regard to our small signal semiconductors, resistors, general-purpose power supply ICs, and other standard products used for a broad range of purposes, ROHM provides a stable supply of high-quality and reliable products for a wide diversity of markets including the automobile, industrial instruments, and consumer devices markets.

3. Enhancing Production

As we entered 2020, the COVID-19 virus began spreading around the globe, exerting a huge impact throughout the world. Within the ROHM Group, too, production bases in the Philippines, Malaysia, and China were forced to reduce their operating rates due to restrictions on people's movement. This situation exceeded conventional assumptions regarding localized damage from earthquakes and flooding, etc.

ROHM is reviewing our existing BCP system and developing

partially and fully automated lines as well as flexible lines as part of efforts to strengthen our production system so as to be able to ensure stable product supply on a global scale. We are also endeavoring to enhance our competitiveness in the semiconductor market by reducing lead times and improving production efficiency. In addition, we are implementing initiatives aimed at constructing an advanced quality management system.

“CSV (Creating Shared Value)” and SDGs (Sustainable Development Goals)

At ROHM, achieving our corporate objectives and basic management policy is positioned as contributing to society. With the achievement of SDGs becoming a common objective for the entire world these days, we believe that further evolving our thinking to, “Resolving social issues through business activities,” and “aiming to realize improvements in corporate value (creating shared value) by achieving corporate objectives and basic management policies” will lead to sustainable growth for both society and ROHM. All employees of the ROHM Group are working to develop products aimed at resolving social issues, carry out high-quality manufacturing, and undertake environmental conservation activities, with particular focus on achieving SDGs.

At ROHM, it is people who support the roots of our business activities. We believe that, in addition to knowledge and expertise, it is important for our employees to also be well-rounded individuals with ethics and humility. We provide an environment for education and self-development that enables all of our employees to grow with the aim of being a company that is capable of responding



to society's broad-ranging needs.

Within an ever-diversifying society, ROHM is undertaking improvements to the workplace environment to make it more comfortable and easy to work, focusing on elements such as “ease of working,” “active participation by women,” and “work-life balance”.

Message from the President

Performance Environment/Shareholder Returns

Business performance trends for the fiscal year ended March, 2020

For the fiscal year ended March, 2020, the world economy continued to stagnate due to trade friction between the United States and China and China's economic slowdown. In addition, at the start of the new year, the COVID-19 pandemic began exerting a huge impact on production and personal consumption worldwide, making 2020 a generally difficult year.

Within the electronics industry, an increase in the implementation rate of electronic products was observed thanks to rising needs related to safety and the environment in automobile-related markets.

However, vehicle sales numbers continue to stagnate, and so conditions overall remain harsh. In industrial instruments-related markets, market conditions for machine tools and industrial equipment worsened, and demand also stagnated in the consumer device market. Beginning with the stagnation of the Chinese economy due to the impact of US-China trade friction, automobile production and sales have also stagnated, and in the IT devices market as well, especially smartphones, trade friction and other issues have cast a shadow over the market.

Towards sustainable growth

Although harsh conditions are continuing in the short term, in the medium-to-long term it is thought that the semiconductor and electronic parts markets will achieve stable growth while undergoing change. There are thought to be three major factors underlying this change and growth.

The first factor is the trend towards increased energy saving in the automobile market and other markets.

In the automobile market, the diffusion rate for hybrid cars continues to rise, and the number of electric cars powered solely by electrical energy being produced tends to be increasing, albeit gradually. Up until now, automobiles mainly ran on fossil fuels such as gasoline, but it is thought that this major change towards the use of electronics as the driving force powering automobiles is now accelerating. In the industrial instruments market, as well as that of consumer devices and other markets, it is thought that needs for increased energy saving will similarly continue to increase. As the global economy expands, countries that were previously referred to as "developing" will also be able to realize more affluent living conditions in the future, and energy needs will increase more and more. Increasing energy saving is a major theme for enabling the effective utilization of limited resources and continued development of societies capable of recycling and using renewable energy.

The second factor is the trend towards high functionality, which is connected to safety and peace of mind. For example, in the automobile industry, "Autonomous (automated driving)" is a major theme. Installation of collision-avoidance systems (CAS) in factory-produced vehicles gradually began around 2010, and in the

less than 10 years, the installation rate has grown tremendously, to the extent that today the CAS installation rate for new vehicles is higher than 90%. With regard to automated driving levels, five levels (1 to 5) have been set. Currently development is advancing from Level 2 (limited partial automated driving) to Level 3 (vehicle is fully operated by the system in specific locations with the driver taking control in emergency situations). It is said the development will advance to Level 5 (fully automated driving with no limitations) in the 2030s. With this evolution, it is thought that "C (Connected)" and "S (Shared)" will progress. Combined with "A (Autonomous)" and "E (Electric)", these letters form the acronym "CASE," which is a term used to describe vehicles of the future.

The third factor is the change towards new working styles and lifestyles that is occurring in response to the COVID-19 pandemic. People's movement has been greatly limited in an effort to prevent the spread of infection, and so to compensate for this there has been a tremendous shift towards telecommuting, with people working from home and using teleconferencing systems for meetings. It is thought that, supported by 5G high-speed data transmission, the use of even more advanced IT communications will increase in not only the business world and education, but also a broad range of fields moving forward.

At ROHM, we are endeavoring to expand and enhance our product lineup in response to the emergence of new needs such as these while also further improving product quality and strengthening our production system so that it can withstand continuous market growth.

Furthermore, because of restrictions on people's movement, there is the possibility that operations at several of our production bases may also face restrictions in the future. We will therefore also strengthen our BCP system through such efforts as the development of labor-saving and flexible production systems that can be operated by a small number of workers as well as the utilization of external production resources.

To enable ROHM to achieve continuous growth in the medium-to-long term and respond to the needs of the general public, we need to implement numerous solutions in order to control the value-creation cycle, including expanding and improving our production system to ensure stable supply and securing production technology and product development engineers in order to produce LSI and semiconductor elements, which are our main products. We will pour all our effort into creating a corporate structure that will achieve these aims.

“Monozukuri” Innovation

(Strengthening the BCP's ability to deal with the pandemic)

Fulfill our duty to supply products to our customers,
regardless of the hardships we may face

- Enhance productivity at our assembly plants, accelerate automation (planning to complete the 2x Lifetime Productivity and 2020 model assembly line)
 - Further accelerate outsourcing of production to OSAT (to increase by 30% or more by 2022)
- OSAT : Outsourced Semiconductor Assembly & Test
- 

Reduced production due to COVID-19 lasted longer than expected

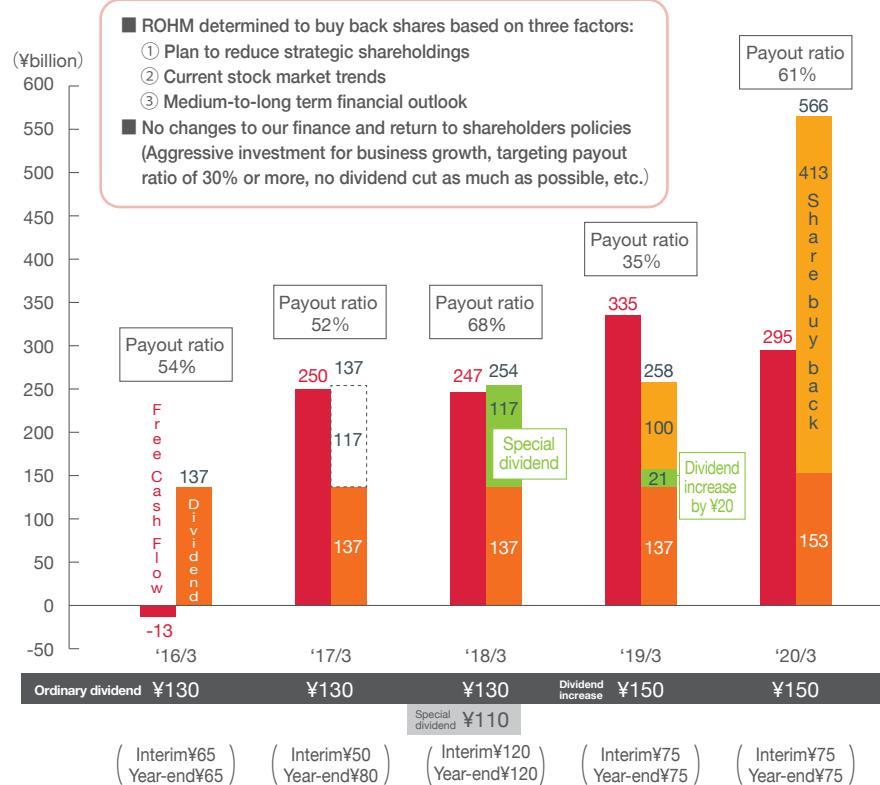
- Insufficient ability to anticipate risks besides natural disasters and economic upheaval
- ① Limits on personal travel and gatherings
- ② Virus spread during different periods in different regions
- ③ Each country's government handled the situation differently

Towards expanding shareholder value

ROHM's business activities are sustained by the support of many stakeholders. Taking the stance of our customers, business partners, and employees all growing together towards sustainable growth is essential, and it would be impossible for us to achieve sustainable growth without our stakeholders' support. ROHM's goal is maximum shareholder value through business growth while maintaining a relationship of coexistence and mutual prosperity with our stakeholders.

Furthermore, in order to realize an even more highly efficient capital structure, we are implementing various measures to improve capital efficiency, such as reducing policy-holding shares and combining corporate bond issuance with treasury stock acquisition.

Trend of Free Cash Flow and Shareholder Returns



Value Creation Efforts

ROHM's Value Creation Cycle

Input

Intellectual Capital

Expertise accumulated in-house over many years of development

R&D expense rate: 9.2%
(R&D expenses: 33,384 million yen)

We have donated ROHM Memorial Halls to universities and strengthened industry-university collaboration.



2001 Ritsumeikan University 2003 Doshisha University



2005 Kyoto University 2011 Tsinghua University (China)

Financial Capital

Solid financial base

Capital adequacy ratio: 84.2%
Total consolidated assets:
848,873 million yen

Human Capital

No. of employees: 22,191
(of which 2,836 are R&D personnel)
Percentage of female employees:
22.33%



Topic: Needs (Social Trends)

- Expectations for safe and secure living



- Acceleration of automation and spread of IoT technology

- Increased consumption of energy and resources accompanying increases in population



- Increased energy/resource saving
- Trend towards use of renewable energy

Management Vision

We focus on power and analog solutions and solve social problems by contributing to our customers' needs for "energy saving" and "downsizing" of their products.

Corporate Philosophy

Quality as top priority

Growth Strategies

Strengthen manufacturing

Vertically Integrated Production System

ROHM's Strength

Propose solutions utilizing a broad product lineup

Wide-ranging technological capabilities centered on semiconductors

High Quality Stable Supply



Output

Develop high-quality products in response to increasing demand for electronic devices

Provide highly functional products that contribute to accident prevention

Develop energy saving products

Establish highly efficient production systems that eliminate waste through our vertically integrated production system

Lessen the environmental load and increase use of renewable resources in the value chain

Realizing ROHM's Management Vision

We will become a company that resolves social issues by further evolving the coordination of power technology and analog technology and contributing to the miniaturization and energy saving features of customer products through an integrated system of development, production, and sales while at the same time anticipating the needs of markets and customers.

SUSTAINABLE DEVELOPMENT GOALS



Power



Responding to the ever-increasing demand for energy with low-loss SiC

Influenced by economic growth centered in Asia, global energy consumption is continuing to increase. A large percentage of consumed energy is used for “motors” and “lighting”, and so optimization of the electricity that powers is gaining worldwide attention as an important issue. In particular, “motors” is said to comprise some 40% to 50% of global demand for electricity. Moreover, the number of new xEV cars powered by these motors that are being sold is anticipated to increase approx. five-fold between now and 2030. If we can decrease this electricity consumption, it would be a tremendous contribution to resolving energy problems. Semiconductors for driving motors used in xEV cars such as electric cars and fuel cell cars up until now mainly used Si (silicon) IGBTs (insulated gate bipolar transistors) and diodes, but nowadays use of devices incorporating SiC (silicon carbide), which has lower loss, is accelerating.

TOPICS

■ SiC power devices that lead the world

In 2010, ROHM was the first company in the world to begin mass production of SiC power devices. From early on we have strengthened our product lineup in accordance with the vehicle-mounted reliability standard AEC-Q101, boasting an overwhelming share in markets that include on-board chargers. Now we have successfully developed SiC MOSFET, which optimizes our independently developed double-trench structure, realizing the world’s smallest on-resistance properties. Because of SiC MOSFET’s contribution to the miniaturization of vehicle-mounted inverters and the reduction of energy consumption, expectations are high for its full-blown application.

■ ROHM Solution Simulator enables lump verification of power devices and driver ICs

In recent years, electronic circuit board development work has been increasing among automobile and industrial instrument customers, and improved efficiency of circuit design work is required. ROHM has an abundant track record for both developing power devices and driver ICs for these applications and providing support for them. Our recently developed “ROHM Solution Simulator” is an electric circuit simulation tool that operates on ROHM’s official website. Because it is able to verify SiC power devices and application circuits using driver IC and power-source ICs with exceptionally high speed and precision in environments that are close to real environments, the simulator greatly reduces the number of man-hours required by electronic circuit designers for development.

Products

⟨ SiC Devices ⟩



SiC Schottky Barrier Diodes



SiC MOSFETs



Full SiC Power Modules

⟨ Other Devices ⟩



IGBT



Fast-recovery Diodes



Isolated Gate Driver ICs
Driver ICs



Analog



Analog technology shines precisely because society is digital

Computers, smartphones, and various other digital devices brighten our everyday living. However, input/output data for these devices is analog, and in fact many analog technologies are used inside digital devices. The scope for application of analog technology is broad—lighting control for LED, which are used in huge quantities around the world, motor revolution control, mobile device power management—and the more digitalization progresses, the more the importance of analog technology actually becomes apparent. Since the 1970s, ROHM has positioned analog as a key technology and has accumulated analog technology centering on technology for consumer appliances markets over a long period of time. Fusing the three core technologies of “circuit design”, “layout”, and “process”, we are giving birth to the world’s best analog ICs, which contribute to increasing energy efficiency and functionality in the automotive and industrial equipment markets.



TOPICS

■ The “Nano Series”: Cutting-edge power-source technology

At ROHM, we have developed our own original power-source technologies based on the keyword “nano.” Nano Pulse Control™—a high-speed pulse control technology that contributes to the miniaturization of 48V system power sources, such as those used in mild hybrid vehicles—and Nano Energy™—an ultra-low current consumption technology that contributes to the long operational life of wearable terminals and other devices—are used in various power-source ICs and contribute to the solution of application issues. Furthermore, as original ROHM technology capable of eliminating the need for external condensers, which were previously required, Nano Cap™—a newly established super-stable control technology—is to be used in a wide range of analog ICs in the future, and will contribute to the reduction of application parts and design man-hours.

■ EMARMOUR™: High-noise tolerance analog IC

Advancement of electrification and densification in electric cars and vehicle-mounted electrical systems such as ADAS (Advanced Driver Assistance Systems) in recent years has led to the noise environment steadily worsening, and noise design for sensors and other devices that handle minute signals is becoming a major issue. The EMARMOUR™ op-amp and comparator series developed by ROHM has overwhelming noise tolerance, reducing the impact of external noise to less than one-tenth of conventional noise levels. Because of its ability to dramatically lighten the noise design load for applications, EMARMOUR™ is receiving high praise from the vehicle-mounted and industrial instrument markets.

Products



PMICs
(system power supply)



Motor driver ICs



Power Supply ICs with
Nano Pulse Control®



LED driver ICs



General-Purpose ICs
Op-amps



Standard Products

World's No. 1 for small signal transistors/diodes

We have also constructed a long-term stable supply system

Transistor, diode, and other semiconductor products are used in large quantities in a broad range of fields, making these electronic components essential for the advancement of industry. ROHM was established in 1954 with the completion of a practical resistor model. Subsequently the company expanded its business to include transistors, diodes, and other semiconductor-related fields as well as LSI, growing into a general manufacturer of electronic components. For small signal transistors and diodes, ROHM has acquired the top share in the world market. Moreover, we have developed a rich lineup of general-use ICs such as op-amps, supporting a wide range of applications. As the need for electronic parts increases more and more in the active automotive and industrial equipment markets especially due to increasing energy efficiency and high functionality, ROHM is pouring effort into enhancing our product lineup and furthering miniaturization and high quality in addition to building a long-term stable supply system through efficient capital investment.

Products



Small-signal
Transistors



Small-signal
Diodes



Micro-resistor RASMIN®



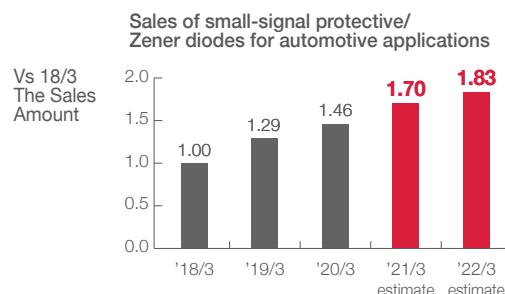
Shunt Resistors

TOPICS

Using our supply capability, reliability, and cost competitiveness as weapons, ROHM is expanding its share in the growing vehicle-mounted market.

【Small Signal Discrete】

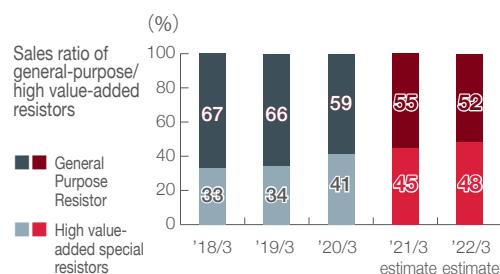
Aiming for a W/W share of 20% or higher, ROHM is building up the largest supply capacity in the world.



【Resistors】

Aiming to be the world's foremost supplier in the vehicle-mounted and industrial instruments markets, at ROHM we are strengthening our high-added-value specific resistance lineup and our production capabilities.

Sales ratio of high value-added special resistors



■ Development of new products for the fiscal year ended March, 2020

In the automobile and industrial instruments markets—two markets into which ROHM is pouring tremendous effort—miniaturization and increased energy saving needs are increasing

more and more. In our key technology fields of power, analog, and standard products, ROHM is developing new products one after the other in response to market needs.



Super-mini SiC power module



In-wheel motor for wireless charging on the road

Successful development of an in-wheel motor for wireless charging on the road for charging next-generation electric cars

Working jointly with The University of Tokyo, Bridgestone Corporation, NSK Ltd., and TOYO DENKI SEIZO K.K., ROHM has developed a “third-generation in-wheel motor for wireless charging on the road” that enables electric cars to recharge their batteries directly from the road while in motion, and driving tests of actual vehicles have been successfully completed. This in-wheel motor is a unit that

stores the motor inverter—the part that drives the electric car—and all the wireless charging circuits within the tire wheel. The super-mini SiC power module—a ROHM R&D product—greatly contributed to the unit’s miniaturization. With this project, we are aiming to proceed to the verification testing phase in 2025 while also incorporating knowledge from various fields with a view to future practicalization.

Development of an AC/DC converter IC with built-in SiC that contributes to the miniaturization and increased energy saving of industrial instruments

ROHM has developed the “BM2SCQ12xT-LBZ” AC/DC converter IC with inbuilt SiC MOSFET (power-source IC for converting AC/DC), which is suitable for use in general-purpose inverters handling high power as well as industrial air-conditioners, street lights, and other auxiliary power sources. With needs for increased energy saving also rising in the industrial instruments field, use of SiC power devices is increasing due to their outstanding properties compared to existing Si power devices. This newly developed product combines in the one

package an original ROHM SiC power device (1700 V pressure-resistant SiC MOSFET) with an AC/DC converter IC that draws out the power device’s capabilities to the maximum. Compared with configurations using IGBT and the other Si devices that were the mainstream up until now and their peripheral parts, this new power device realizes increased electrical power efficiency while greatly reducing the number of components required, thereby contributing to dramatic miniaturization and increased energy saving in industrial instruments.



AC/DC converter IC with built-in SiC MOSFET BM2SCQ12xT-LBZ

Development of a semiconductor fuse that can single-handedly protect vehicle-mounted systems

ROHM has developed the “BV2Hx045EFU-C,” a semiconductor fuse (intelligent power device) suitable for protecting automobile engine and transmission electronic control units. While electrification is progressing alongside technological innovation in the automobile field, construction of safer vehicle-mounted systems is required. Use of semiconductor fuses capable of repeatedly protecting electronic

circuits from overcurrent is therefore increasing. This newly developed semiconductor fuse can single-handedly protect systems from overcurrent at start-up and during a steady state when conventionally a combination of multiple ICs and peripheral parts was necessary for protection. For this reason, the fuse is contributing to the increased reliability and miniaturization of vehicle-mounted systems.



41V pressure-resistant
2ch output
Semiconductor fuse
BV2Hx045EFU-C

Development of a 5.0 × 2.5-mm shunt resistor that realizes increased power and miniaturization

ROHM has developed the “GMR50,” a shunt resistor suitable for application in detecting motor/power circuit currents used in automobiles and industrial instruments. In automobile and industrial instrument applications, high functionality is advancing, and it is necessary to mount components with a high degree of density in limited spaces while maintaining reliability. Measuring 5.0 × 2.5 mm

in size, this newly developed shunt resistor realizes a guaranteed NRP of 4W and is also highly durable to overcurrent load. For these reasons, this shunt resistor is contributing to improved reliability in addition to meeting demands for increased power and miniaturization of automobile and industrial instrument applications, which demand strict temperature assurance.



5.0 x 2.5 mm
NRP 4W guaranteed
Shunt resistor
GMR50

Quality Improvement Efforts

ROHM's Basic Philosophy regarding Quality

Quality is our top priority at all times.

This philosophy forms the basis of ROHM's manufacturing activities. This corporate policy applies to not only ROHM but also all of the ROHM Group companies spread across the world, and business management for all ROHM Group companies is regulated by this corporate policy. Furthermore, under ROHM's basic management policy, emphasis is placed on quality assurance activities, improving our own technologies, and nurturing human resources. "Quality" is interpreted in a broad sense, with not only the products themselves but also costs, delivery, service, and environment also being regarded in terms of quality.

Basic Quality Assurance Policy

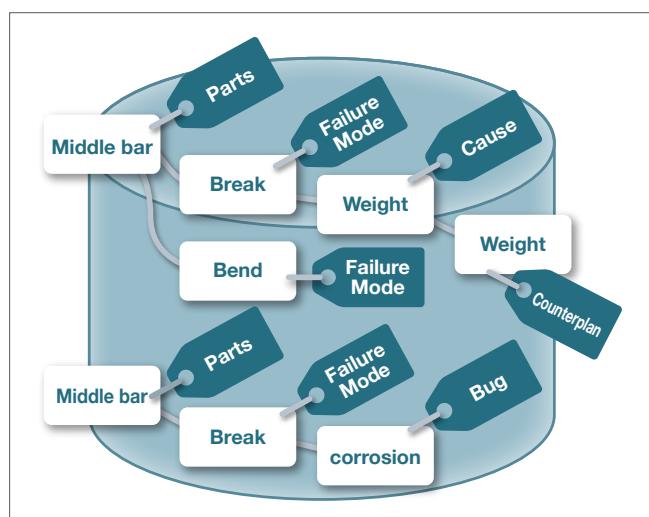
1. Promote internal standardization for the whole company and establish control structures by means of statistical information.
2. Conduct comprehensive and continuous research for the development of new technologies and products. Proactively utilize methods of statistical control for all areas of company activities.
3. Proactively utilize methods of statistical control for all areas of company activities.
4. Establish quality assurance structures for all manufacturing processes.
5. Exert effort for cost reductions of each product by continual modernization of manufacturing systems.
6. Utilize contracts with our suppliers to secure quality assurance programs for raw materials and components.

Development and manufacturing flow(example)



Strengthening Product Quality at the Design Stage

ROHM has an abundant product lineup; we also possess a broad range of technologies and knowledge such as product development and production technology expertise, as well as a wealth of experience accumulated from quality defects in the past. Rather than keeping this knowledge and experience within a limited number of business departments, we are implementing measures to enable these to be shared throughout the company and utilized by all of our business departments. To this end, rather than simply creating a database of information such as production technology required for design and quality management information, we have created databases linking related events. In doing so, we are endeavoring to create a knowledge management system that enables designers to find the information they need more simply, thereby maximizing synergy. For example, module engineers referring to LSI technology lead to the development of new products. Utilizing this knowledge management system within the ROHM Group makes highly effective and high-quality product design and process design possible.



■ Strengthening Manufacturing

At ROHM, to ensure that we always supply customers with the same products, we have established a management system under the motto “Different from normal is abnormal” that consistently realizes the same product workmanship as always using the same processes as always. Rather than judging whether a product passes or fails in terms of product standards, we position “points where changes are added to products” as processing points within the production process, and at each processing point we clarify the form the product should take and processes that cause an impact. Managing both of these aspects enables us to consistently deliver the “same products as always” to customers.

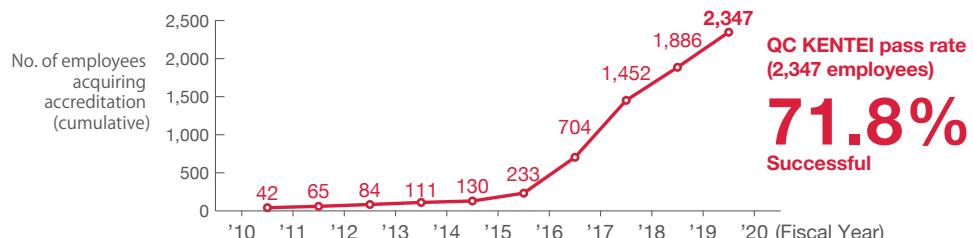
Targeting the center^(*) in thorough management of processing points, we aim to achieve the results with the center value.



■ Enhancing Quality Management Skills

At ROHM, we have created quality training systems such as the following to enable all employees to realize “Actions based on Quality First.”

- ① Basic and specialized quality-related training systems tailored to the employee’s level and position are constructed.
- ② As a target for improving management skills, acquisition of QC KENTEI (Quality Management and Quality Control Examination) accreditation is set as a condition for promotion to chief-level positions in all occupational categories. Furthermore, since these training systems have achieved results at ROHM Headquarters, they are being expanded to the entire ROHM Group from FY 2020.



■ “Quality First” Human Resources Training

In order to nurture human resources capable of realizing our corporate objectives, ROHM has created quality training systems that emphasize not only teaching quality skills but also fostering quality mindsets so that the training leads to action. We believe that achieving balance between quality skills and the fostering of quality mindsets nurtures human resources capable of translating “Quality First” into action. Because quality skills and the fostering of quality mindsets have become established within the corporate culture through training activities conducted in and prior to FY 2018, since FY 2019 we have been promoting training activities that take a further leap forward, pouring effort into the concept of training leading to action, as well as improving the training environment.



■ CSR and CSV Compromise the Core of Our Business Activities

The corporate objectives and basic management policy that ROHM established in the company's early days soon after its establishment provide the foundation for ROHM's corporate management as universal principles, and the responsibilities that each stakeholder is required to fulfill are set out in our "CSR Policy." Furthermore, the CSR Policy responds to social changes while also appropriately reflecting the content of dialog with individual stakeholders and the evolving content of international

standards and guidelines.

Based on our CSR Policy, through business activities generating CSV¹ ROHM aims to build good relationships with stakeholders, attain society's trust, and realize continuous corporate growth and a sustainable society (achieving SDGs²).

*1: CSV (= Creating Shared Value): Creating value for both society and the company by resolving social issues

*2: SDGs (= Sustainable Development Goals): International targets that are to be achieved by 2030 with the aim of achieving a sustainable society



■ ROHM Group's CSR Policy

| | |
|-------------------------------|--|
| Customers | ROHM seeks to obtain customer satisfaction and confidence by continuing to supply of high quality products and services in a timely and appropriate manner. ROHM is also open to customer feedback and suggestions, and will evaluate them internally. ROHM places the highest priority on the safety of its products and strives to disclose relevant information as necessary. |
| Employees | ROHM selects its business partners according to equitable and rational criteria. ROHM values the relationship with its business partners and conducts equal and fair transactions for mutual prosperity. |
| Business Partners | ROHM strives to ensure a safe and pleasant working environment, respect human values and individuality, and create a fair and appropriate workplace where each employee may demonstrate individual initiative. |
| Shareholders and Investors | ROHM seeks to continuously improve corporate value and secure appropriate profits in order to provide a steady return to both shareholders and investors. ROHM offers financial information in order to keep shareholders and investors actively informed. |
| Local Societies and Community | ROHM works to deepen its relationship with each country and local community, respect their culture and custom, and implement and support social, cultural, and art activities. ROHM also endeavors to preserve the global environment throughout its daily business activities. |

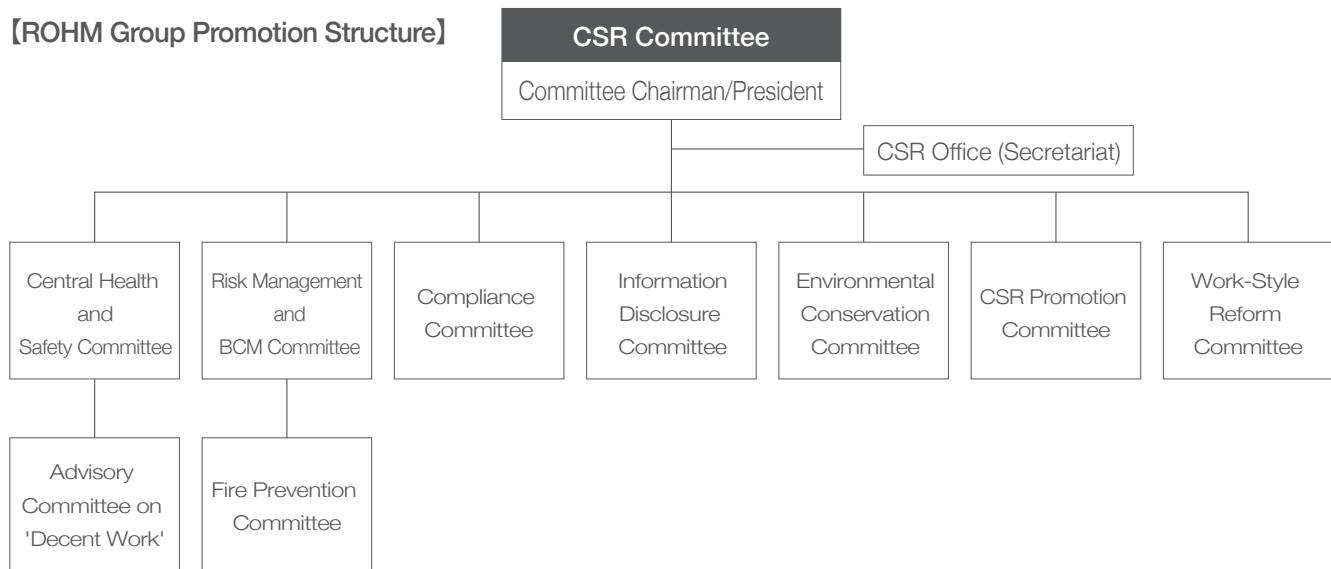
■ CSR Management System

At ROHM we have a CSR Committee comprising company directors and the heads of each department, with the company president acting as committee chair. We have also established seven subcommittees under the CSR Committee. Matters decided by the CSR Committee are conveyed to the entire ROHM Group via the subcommittees, and activities are carried out at each operations base, whether in Japan or overseas, in

accordance with the regional situation.

As the secretariat overseeing operations of the CSR Committee, the CSR Office provides support for the CSR activities of ROHM Group member companies as well as inter-departmental activities. The CSR Office also functions as a window for receiving and auditing external management systems.

[ROHM Group Promotion Structure]



■ Management System Assurance & Operation Status

At ROHM, we work in cooperation with each of our committees, related internal departments, and Group member companies to acquire management systems accreditation while implementing a PDCA cycle.

Furthermore, ROHM has been voluntarily undergoing RBA Validated Audit Process (VAP) inspections since 2013.

In addition, we are further improving our management quality through such efforts as proactively conducting internal audits appropriate to each CSR management system with the aim of being a business that stakeholders choose.

| Themes | | Management System Certification/ Customer Demands |
|---|---|---|
| Product Quality | Quality | ISO9001 |
| | Quality/Functional Safety for the Industrial /Automotive Industry | ISO/TS16949 IATF16949 ISO26262 |
| Management Quality (Quality of Business Activities) | Environment | ISO14001 |
| | Occupational Health and Safety | OHSAS18001 |
| | Information security | ISO/IEC27001 |
| | Labor, Health and Safety, Environmental, Ethics, Management Systems | RBA*1 VAP audit*2 |

*1: RBA stands for Responsible Business Alliance.

This organization is mainly composed of electronic equipment manufacturers, major suppliers, and their standards.

*2: VAP stands for Validate Audit Process.

This is a third-party Audit of the EICC code of conduct.

CSR/CSV Management Strategy

■ Priority CSR Issues

ROHM Group has actively spoken to its stakeholders within and outside the company and examined the opinions, requests and interests they expressed in line with the core themes of ISO26000. We have identified the impact the ROHM Group has on society and established six "Priority CSR issues." These six priority issues include "Creating Shared Value (CSV), that is Resolving Social Issues through Business Activities," in which, by playing a part in

solving social issues, our business activities themselves will also lead to ROHM's own growth. They also include "Business Activities that Could Bring Positive Social Impact to the Society," in which we will meet the expectations of our stakeholders by mitigating the impact that our business activities have on those around us. We are pursuing initiatives tailored to each of these challenges.

| CSR Priority Issues | Reasons for Selection (*) | Contributions to SDGs Achievement | theme | chance | risk |
|--|--|---|--|---|--|
| Resolve social issues through innovative products | There are societal demands for the resolution or alleviation of environmental issues on a global scale, such as limited resources and climate change, as well as for increased energy conservation. |  | Development of Innovative New Projects Development of Innovative New Technologies Energy Saving | <input type="radio"/> <input type="radio"/> <input type="radio"/> | |
| Develop global human resources that can contribute to the international community | As economies becomes increasingly global, ROHM believes that it is crucial to cultivate a diverse workforce that accepts different backgrounds and values from each local region and works together to create new value. |  | Diverse Human Resources Development | <input type="radio"/> | |
| | | | Establishing an Environment where Diverse Values can be accepted | | <input type="radio"/> |
| Ensure a stable | There are societal demands for the organizational structure that enables stable, speedy supply of high quality products. |  | Improvement of Quality Safe and Secure Procurement Business Continuity Planning | <input type="radio"/> <input type="radio"/> <input type="radio"/> | |
| Make considerations for labor practices and thoroughly respect human rights in the value chain | ROHM believes that it is essential to make efforts for considering human rights, improving working environments, and promote anti-corruption activities based on international norms such as the UN Global Compact, ISO 26000 and the RBA Code of Conduct. ROHM also strives to comply with the RBA Code of Conduct as a fair company. |  | Respect Human Rights Promote Comfortable Working Environments Supply Chain Management Anti-Corruption | | <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> |
| Carry out business activities that protect the global environment | There are societal demands for reducing the environmental load from manufacturing at all production companies in order to resolve or alleviate environmental issues such as limited resources and climate change. |  | Efficient Manufacturing Combat Climate Change Reduction of Environmental Impact | <input type="radio"/> <input type="radio"/> <input type="radio"/> | |
| Contribute to local communities through business activities | ROHM believes that it is important to contribute to the regional development through dialogue with the community as a corporate citizen. |  | Co-exist with Local Communities Engagement with Local Communities | <input type="radio"/> <input type="radio"/> | |

Opportunity: Resolve Social Issues through Business Activities

Risk: Business Activities that Could Bring Positive Social Impact to the Society

* ROHM Group judges priorities based on the impact on stakeholder evaluation and decision-making and the impact the organization has on the economy, environment and society.

■ Process of Identifying CSR Materiality

In identifying priority CSR issues, the ROHM Group seeks and receives evaluations of the appropriateness of our activities from external experts, specialists, and various other stakeholders. Furthermore, with regard to the realization/achievement (DO) and evaluation of goals/plans (PLAN), we have verifications (CHECK) performed by a third-party organization in order to maintain objectivity before deciding on the next goal/plan (ACT), thereby implementing a PDCA (PLAN-DO-CHECK-ACT) cycle.



The value chain refers to activities that increase added value within the sequence of steps from procurement of raw materials to their use in products and services.

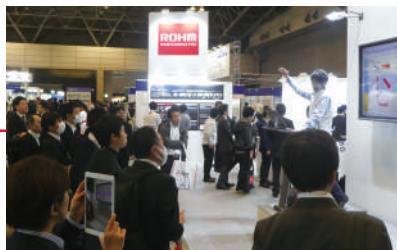
■ Communication with Stakeholders

The ROHM Group's main stakeholders are positioned as our customers as well as our shareholders/investors, employees, trading partners, and members of the general public/local community.

We are endeavoring to communicate proactively with all of our stakeholders.

Dialogue with Customers

Exhibition etc.



Dialogue with Employees

Work Style Reform Committee etc.



Dialogue with Local Societies and Community

Students visiting the company,etc.



Dialogue with Shareholders and Investors

Financial Results Briefing etc.



Dialogue with Business Partners

Partners Meeting etc.



Dialogue with Local Societies and Community

Business trips for education activities,etc.



■ External (Third-party) Evaluation



FTSE4Good



FTSE Blossom Japan

Corporate Governance

Basic Approach

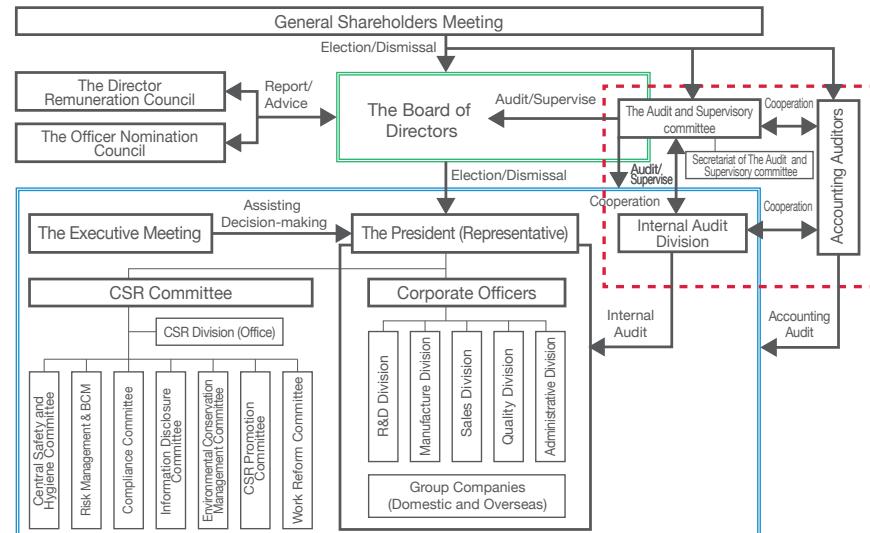
ROHM Group strives to pursue the best possible corporate governance in order to achieve our company Mission and the Basic Management Policy.

At ROHM we believe that the operations and actions of a company supported by all stakeholders—customers, trading partners, employees, stockholders/investors, members of the general public/local community—must be rooted in fairness, soundness, and transparency. We are therefore aiming to maximize the company's sustainable growth and medium-to-long term corporate value.

Based on the above, ROHM has prepared and published the "ROHM Corporate Governance Policy."

Corporate Governance Framework

In June 2019, ROHM became a company with an Audit and Supervisory Committee. Giving voting rights to directors who are audit and supervisory committee members in Board of Directors meetings strengthens the supervisory function of the Board of Directors meeting and aims to further enhance corporate governance and corporate value.



Member of the Board and Corporate Officer

With more than one-third of its membership comprising independent external directors, ROHM's Board of Directors makes decisions swiftly and decisively following ample constructive discussion under a fair and transparent system. ROHM has also introduced a Corporate Office system in order to supplement the functions of the Board of Directors and create an expeditious management system.

Member of the Board

| Position | Name |
|--|---------------------|
| President | Isao Matsumoto |
| Member of the Board | Katsumi Azuma |
| Member of the Board | Masahiko Yamazaki |
| Member of the Board | Kunio Uehara |
| Member of the Board | Tetsuo Tateishi |
| Member of the Board | Kazuhide Ino |
| Member of the Board (Outside) | Koichi Nishioka |
| Member of the Board (Outside) | Hiroyuki Nii |
| Audit and Supervisory Committee Member (Full-time) | |
| Member of the Board (Outside) | Hideto Chimori |
| Member of the Board (Outside) | Toshiro Miyabayashi |
| Audit and Supervisory Committee Member | |
| Member of the Board (Outside) | Kumiko Tanaka |

Corporate Officer

| Position | Name | Title |
|-----------------------------------|-------------------|--|
| Chief Executive Officer | Isao Matsumoto | Chief Executive Officer |
| Senior Managing Executive Officer | Katsumi Azuma | COO and Senior Director of Sales |
| Senior Corporate Officer | Masahiko Yamazaki | Director of Administrative Headquarters and in charge of CSR |
| Senior Corporate Officer | Kunio Uehara | Director of Accounting & Finance Headquarters |
| Senior Corporate Officer | Tetsuo Tateishi | CTO and Senior Director of LSI Business |
| Senior Corporate Officer | Kazuhide Ino | CSO and Senior Director of Power Device Business |
| Corporate Officer | Tetsuo Aoki | Director of Sales Innovation Headquarters |
| Corporate Officer | Koji Yamamoto | Director of Supply Chain Management Headquarters |
| Corporate Officer | Hiroshi Kanegae | Director of AP Production Headquarters |
| Corporate Officer | Syoji Higashida | Group General Manager of WP Production Headquarters |

(as of June 26, 2020)

■ The Director Remuneration Council and Officer Nomination Council

With regard to the remuneration and nomination of officers, in order to increase independence, objectivity, and transparency, ROHM has established the Officer Nomination Council and Director Remuneration Council—the majority of whose members are independent external directors—as advisory bodies to the Board of Directors. These councils discuss matters such as the system for director remuneration, appointment/dismissal of executive directors, and nominations of director candidates, and the outcomes of these discussions are reported to the Board of Directors.

■ Remuneration

The management responsibilities of directors (excluding members of the Audit and Supervisory Committee and external directors) are clearly stipulated, and a new officer remuneration system comprising both performance-based remuneration that fluctuates in accordance with the consolidated sales and consolidated operating profits for the most recent fiscal period together with fixed remuneration and transfer-restricted stock-based remuneration has

been introduced with the intention of functioning as a healthy incentive for achieving sustainable growth. Furthermore, as part of revisions of the officer remuneration system, it was decided at the 62nd Annual General Meeting of Shareholders held on June 26, 2020 to introduce a system of transfer-restricted stock-based remuneration for directors with the aim of promoting shared value with shareholders.

(Reference) Performance for FY 2019

| | Total Remuneration (Million JPY) | Total Remuneration by Type(Million JPY) | |
|--|----------------------------------|---|---------------------------------|
| | | Fixed Remuneration | Performance-linked Remuneration |
| Director(Excluding Outside Directors) (9persons) | 285 | 122 | 163 |
| Outside Directors (8persons) | 65 | 65 | - |

| Fixed remuneration | Performance-based remuneration | Stock remuneration |
|--------------------|--------------------------------|----------------------------------|
| | | Consolidated sales |
| | | × Consolidated operating profits |

■ Change through Governance Reforms

At ROHM, we are continuously implementing governance reforms. Moving forward, we will continue to proactively undertake reforms, such as ensuring further diversity within the Board of Directors in order to strengthen our corporate governance.

| | 1981～2000 | 2001～2010 | 2011～2017 | 2018 | 2019 |
|------------------------|-------------------------------------|--|--|--|---|
| Policy | ● 1981 Establishment of Board Rules | | ● 2015 Formulation of the “ROHM Corporate Governance Policy” Formulation of “Standards for the Independence of External Officers” and “Criteria for the Selection of Director Candidates” | ● 2018 Revision of the “ROHM Corporate Governance Policy” | |
| External director | | ● 2006 Formulation of a basic policy for constructing an internal control system | | | ● 2019 Appointment of a female director |
| External auditor | | ● 2008 Appointment of an external director | ● 2011 Appointment of multiple external directors | | |
| Introduction of system | | ● 2001 Creation of a five-member external auditor system | | ● 2016 Introduction of “Board of Directors Effectiveness Evaluations” ● 2012 Launch of the “Director Remuneration Council” ● 2018 Launch of the “Officer Nomination Council” | ● 2019 ROHM becomes a “Company with an Audit and Supervisory Committee” ● 2019 Establishment of the “Executive Meeting” ● 2019 Introduction of the Corporate Officer system |
| Various committees | | ● 2007 Launch of the “Compliance Committee” Establishment of a whistleblowing system (Compliance Hotline) | ● 2011 Launch of the “CSR Committee” | | |

■ Various IR Activities and Events to Respond to the Needs of Wide-ranging Shareholders

In addition to holding two financial results briefings – for the year and half year – ROHM communicates with various shareholders and investors throughout the year.

Furthermore, as interest in environmental, social and governance(ESG) performance increases, ROHM proactively holds meetings with investors focused on ESG, communicating on corporate value from broad perspectives.

In 2019, we provided ROHM booth tours for securities analysts at CEATEC, Japan's largest electronics exhibition, with the aim of furthering their understanding of ROHM's strategies and technologies.



Scene at CEATEC

■ Strengthening the Distribution of Profits to Shareholders from a Long-term Perspective

ROHM's basic policy in relation to shareholder return is to provide stable ordinary dividends.

- (1)The distribution of stable dividends is the standard, and, as a general rule, there will be no dividend cuts.
- (2)With a dividend payout ratio of 30 percent or more as a guide, the dividend will be increased on the long-term in accordance with earnings growth.
- (3)Cash flow circumstances and capital demand will be taken into consideration, and commemorative dividends, treasury stocks and other additional measures to pass gains along will be incorporated.

Furthermore, in November 2019, we announced a stock buy-back of up to 50 billion yen by June 2020, and the buy-back is proceeding smoothly (as of March 31, 2020).

| | 2016/3 | 2017/3 | 2018/3 | 2019/3 | 2020/3 |
|--|--------|--------|--------|--------|--------|
| Ordinary Divided(yen) | 130 | 130 | 130 | 150 | 150 |
| Commemorative Divided(yen) | - | - | 110 | - | - |
| Basic Net Income per Share(yen) | 241.91 | 249.88 | 352.14 | 431.29 | 247.66 |
| Payout Ratio | 54% | 52% | 68% | 35% | 61% |
| Acquisition of Treasury Stock(billion yen) | | | | 100 | 413 |

■ Vitalizing the Shareholders Meeting

The measures taken to facilitate voting rights execution include, posting an English translation of invitations on the website, and the acceptance of proxies applications via the internet. ROHM has also focused on encouraging IR activities and voting rights based on surveys of foreign investors.

At our general meeting of shareholders, we not only give required reports and put matters to resolution but also try to provide easy-to-understand explanations.

At the General Meeting of Shareholders, not only reported matters and resolutions but also company performance, management policies, growth strategies, and other items are explained using slides, with answers to questions frequently asked by shareholders presented on a screen.



Shareholders Meeting

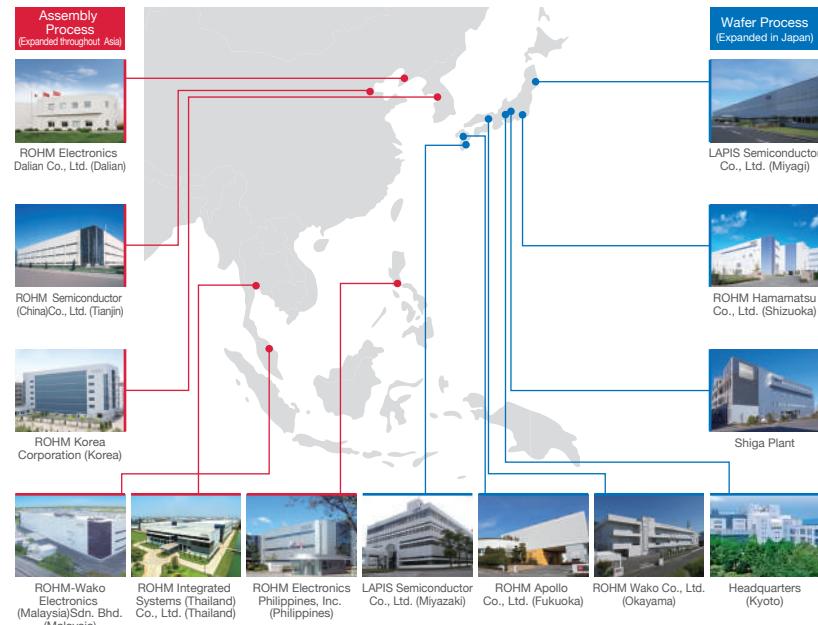
Basic Concepts and Promotion System

ROHM considers all phenomena that may hinder the work and business performance if they occur to be "risks." In addition to working to minimize such occurrences, we also implement measures to ensure that it will be possible to either continue or restore the business smoothly even if disasters or similar events do occur. In specific terms,

a "Risk Management and BCM Committee" has been formed under the "CSR Committee" that is chaired by the President. This committee identifies, analyzes and supervises the major risks that may occur in the execution of the duties of the ROHM Group.

Business Continuity Management

We have stated that part of our company mission 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 both the domestic and global markets." As the ROHM Group is conducting development, manufacturing and sales activities in various locations around the world, we believe that one key issue for the management of the company is to establish Business Continuity Management (BCM). We have therefore formulated the ROHM Group fire and disaster prevention policy for the implementation of activities. A part of this is the implementation of various measures to prepare for emergencies at our production sites in both Japan and overseas. For example, we identify the risks such as disasters and form countermeasure committees to handle them. We also propose Business Continuity Plans (BCP) and conduct training based on them.



Examples of ROHM Group's Risk-Reduction Activities

(1) Ensuring the safety of employees and their families

- Introduction of an emergency earthquake early warning system
- Introduction of a safety confirmation system (including family members)
- Implementation of evacuation drills and the like

(2) Maintaining supply of products to customers

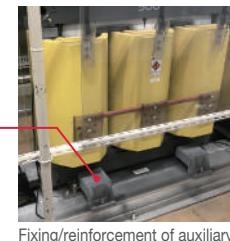
- (i) Efforts to keep damage to a minimum
 - Fixing/strengthening production equipment and auxiliary equipment
 - Promotion of multiple production bases
 - Spreading raw materials purchases among multiple suppliers
- (ii) Efforts for achieving early operational recovery at bases affected by disasters
 - Installation of power generators to maintain minimum operations
 - Complete duplication of core systems
 - Implementation of BCP training
 - Holding of domestic ROHM Group fire and disaster preparedness/BCM leaders meetings



Evacuation drills



Enlargement of fixed parts



Fixing/reinforcement of auxiliary machinery/equipment



A domestic ROHM Group fire and disaster preparedness/BCM leaders meeting



ROHM factory in Thailand Flood drills

■ Environmental Policy

ROHM's everlasting conscientiousness to preserve the global environment contributes to the healthy existence of humanity and to the continued prosperity of the company.

1. Conserve energy by initiating innovative methods in all corporate activities.
2. Develop environmentally-conscious products that minimize the environmental burden by employing responsible processes throughout the life cycle of each product.
3. Give priority to the procurement of materials and products that have the least levels of adverse impact on the environment.
4. Promote effective utilization of resources and strive for the prevention of pollution and conservation of biodiversity toward the realization of a sustainable society.
5. Comply with international and national environmental laws and regional agreements and other customer requirements to which we have agreed.
6. Endeavor to train employees and encourage our constituents to actively care for their surroundings and the global environment.
7. Develop positive relationships with the community through contributions to the local environment and the proper disclosure of environmental data.
8. Continuously improve subjects by creating and carrying out the environmental objectives, and their action plans to enhance environmental performance.

■ ROHM's Efforts for Global Environmental Conservation

ROHM has been working on a variety of environmental conservation activities centering on the Environmental Policy.

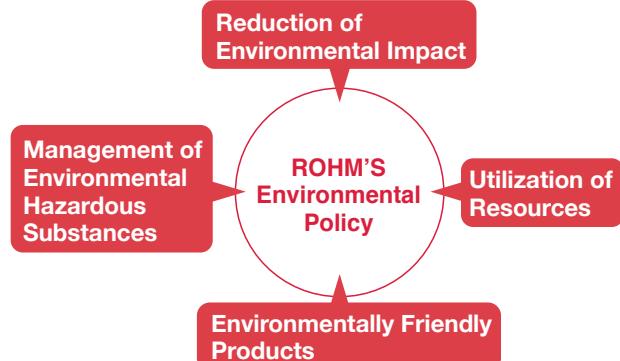
We believe that corporate activities contributing to the environment are to manufacture environmentally friendly products and yet to reduce our own environmental impact in manufacturing them. Particularly for the prevention of global warming, we are active in a range of the reduction of CO₂ and other greenhouse gases emitted from our business operations.

In addition, we will define long-term environmental targets and policy from the perspective of biodiversity, and have approaches to realize sustainable society.

While every kind of management resource is needed for carrying out business activities, it should be remembered that natural capital is also an important resource. The ROHM Group is deeply aware that the biodiversity of our planet brings us various benefits, and we must therefore engage in business activities that aim for harmony with the natural environment.

To be in harmony with the natural environment refers to a state in which there is a good balance between economic activities and the regenerative and purification abilities of nature. One can say that business activities based on this way of

thinking are indeed activities for the achievement of a sustainable society. The ROHM Group will continue to undertake the conservation of the global environment through eco-friendly products, the reduction of the environmental load of its production activities, the effective utilization of resources and other green initiatives.



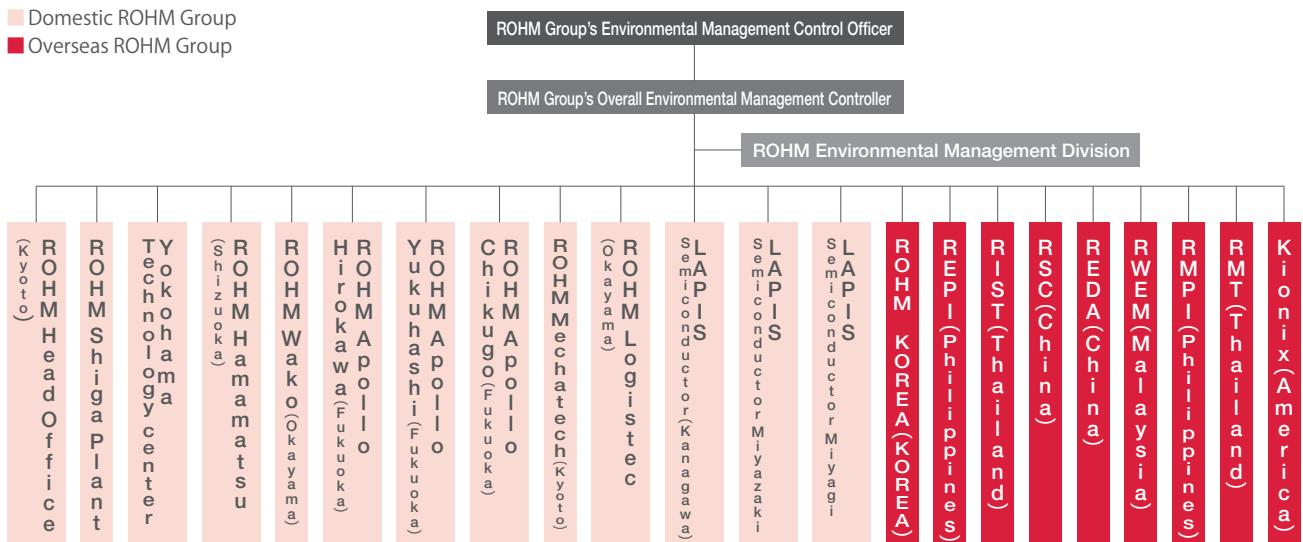
■ Environmental Management Promotional Structure

【ROHM Group Environmental Management Promotional Structure】

The ROHM Group has created a common ROHM Group environmental management system based on ISO14001, an international standard that sets out criteria for environmental management systems. This common management system has been expanded to include the entire ROHM Group, and all ROHM employees are undertaking continuous improvements in order to reduce environmental load. After ROHM Headquarters attained ISO14001 accreditation in May 1998, all ROHM Group companies also completed their accreditation individually. Subsequently, in November 2000, all domestic ROHM Group companies together with ROHM KOREA acquired integrated ISO14001 accreditation for the purpose of enabling ROHM Group companies

to tackle environmental issues as a group rather than individually, clarifying the environmental initiatives of individual companies and of the Group overall, and centralizing effective environmental activities and information. At overseas production bases, as well, environmental management systems are being constructed by means of self-declaration of ISO14001 standards. To enable overseas Group companies to maintain similar environmental management systems as those of Group companies in Japan, activities are carried out in accordance with a common manual, and environmental management leaders at ROHM Headquarters strictly screen and evaluate the appropriateness of Group companies' self-declarations of ISO14001 standards.

■ Domestic ROHM Group
■ Overseas ROHM Group

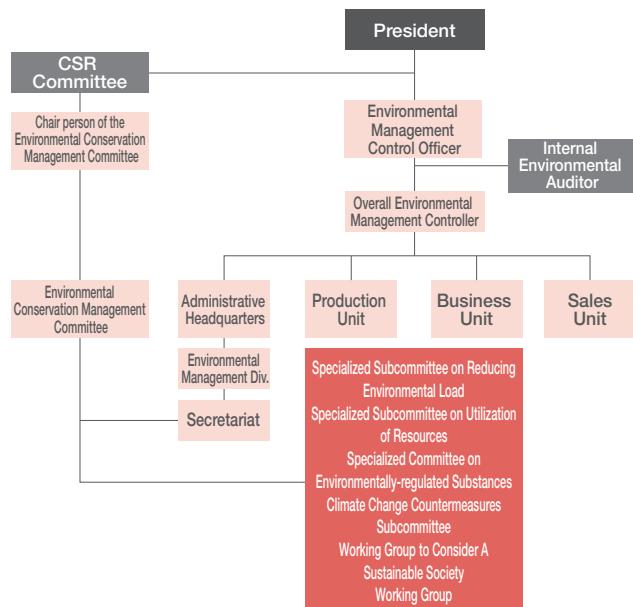


【ROHM Environmental Management Promotional Structure】

ROHM Headquarters' environmental management promotion system began in 1990 as a system focusing mainly on pollution-prevention activities. Subsequently, this system was reconfigured as the principle underlying our activities into a system promoting environmental conservation that also kept the global environment in view.

Under this system, the Environmental Conservation Management Committee, which carefully considers important policies and measures related to environmental activities, together with the four specialized subcommittees and one working group operating under the committee, play important roles in ROHM's environmental conservation activities.

Members of each subcommittee are appointed from among experts, engineers, and employees who are certified with national qualification related to the subcommittee's field of specialization, with the subcommittee chair also serving on the Environmental Conservation Management Committee. Committee, subcommittee, and working group meetings are held regularly. Two specialized subcommittees originally set up to examine LCA and CFC emission control have been integrated to form the Climate Change Countermeasures Subcommittee for the purpose of enabling proactive promotion of climate change initiatives, and the Working Group to Consider a Sustainable Society, which was formed in order to strengthen environment-related initiatives in relation to SDGs.



■ Pursuit of Increased Energy Saving

ROHM Group believes in 1) replacing energy we currently use with renewable energy to reduce CO₂ and, 2) as a semiconductor company, promoting technological development focused on further power saving through products that will be introduced onto the market to contribute to solving energy issues.



■ Efforts to Reduce CO₂ Emissions

COP21 was held in 2015. As demand for global warming and climate change countermeasures intensifies worldwide, the ROHM Group is proactively endeavoring to reduce energy waste by promoting the visualization of the electricity used by equipment and office energy, with the Specialized Subcommittee on Energy Saving playing a leading role. Against this background, as a company we are required by society to

reduce energy consumption and eliminate or ameliorate global-scale environmental issues such as climate change caused by CO₂ emissions and resource/energy issues. By carrying out production innovation, reducing the global environmental load, and creating new production technology, ROHM hopes to contribute to the resolution of social issues as a semiconductor manufacturer.

■ Introduction of Renewable Energy

ROHM's base in Shizuoka Prefecture introduced solar panels in FY 2017. Running parallel with the Shinkansen tracks on the southern side of the factory, solar panels capable of generating approximately 363 MWh annually have been erected over a distance of 270 m. Furthermore, ROHM Apollo Co., Ltd. began purchasing renewable energy in 2019, and it is predicted that 50% of the energy supply required for operations in FY 2020 will be provided by renewable energy. In addition, ROHM's factory in Malaysia is also planning to introduce a solar power-generation system in FY 2020. The ROHM Group intends to consider introducing renewable energy as a means of reducing global warning gas emissions and preventing the depletion of limited resources.



Solar panels at ROHM Hamamatsu

【CO₂ Countermeasures through the Value Chain】

To reduce the level of CO₂ emissions from all business activities, ROHM expanded the range of its estimates to cover Scope 1 and 2 as well as Scope 3, calculating CO₂ emissions for the entire value chain.

With a goal of resolving social issues through innovative products, we strive to develop ECO-friendly products.

| Domestic/overseas bases | | | |
|---|---|---|---|
| Supplier | ROHM | | Customer |
| | SCOPE 1 Direct emissions from the use and industrial process of fuel in the Company | SCOPE 2 Indirect emissions from energy sources such as purchased electric power | |
| SCOPE 3 Purchased goods/service | SCOPE 3 Capital goods Fuel/Energy-related emission | Transportation and Delivery | SCOPE 3 Transportation and Delivery |

■ Efforts to Reduce Environmental Impact

【Effective Use of Resources】

○ Reducing waste

In endeavoring to eliminate waste of limited resources and energy and to reduce waste within the flow of our business activities chain from the procurement of raw materials to development, production, and sales, as well as increase our use of renewable resources, each fiscal year the ROHM Group formulates implementation plans for achieving goals and carries out activities in accordance with these plans, with the Specialized Subcommittee on Utilization of Resources playing a central role. We are also continuing to achieve zero emissions.

○ Water consumption

The ROHM Group is expanding production of semiconductor wafers, which consume large amounts of water, both in Japan and overseas. The raw water used in the semiconductor production process is a high-cost resource as it needs to be processed into ultra-pure water before it can be used. For this reason, we need to make efforts to save water by recycling and reusing the water used in production rather than disposing of it after just one use. Reducing the amount of limited water resources that we use is obviously environmentally friendly, and we believe that we can also reduce risks to business continuity if we have water-conservation measures in place in the event that climate change causes a drought.

【Development of environmentally conscious products】

【Reducing the amount of raw materials used through the development and market launch of the world's smallest devices】

With a goal of resolving social issues through innovative products, ROHM Group has developed an environmental contribution evaluation sheet to numerically and objectively assess the extent to which new products contribute to the environment compared with previous models in the new product development stage, and has built a system for comparing environmental and CO₂ reduction performance. In particular, the introduction of a mechanism to improve the development ratio of eco-friendly products that can reduce CO₂ emissions during usage is being promoted in collaboration with the development department.

The progress of mobile devices, such as smartphones and wearable equipment for which more functions have been added, has been supported by ultra-compact, thin electronic components. Since its foundation, ROHM has been progressing technological innovation in terms of smaller size of components by utilizing its own miniaturization technology, and has been providing the smallest devices in the world in a wide range of products from passive devices, discrete devices, ICs to modules, including RASMIN® series and PICOLED® series. Going forward, we will try to minimize burdens on the global environment by reducing materials and wastes through smaller and lighter devices.

■ Management of Chemical Substances

【Product Environment Quality】

○ Management of chemical substances contained in products

ROHM Group complies with all environmental laws and regulations in Japan and overseas along with customer requirements and conducts initiatives to procure materials that minimize environmental impact.

While regulations on product chemical substance management such as the EU RoHS Directive, EUREACH Regulations, and the China RoHS Directive are being further strengthened, we have established Green Procurement Standards and verified conformance to each regulation by accurately obtaining the chemical information contained in raw materials and parts.

Based on the cooperation of our business partners, we are promoting the creation of eco-friendly products, creating a management system that prevents prohibited substances from being received, used, or shipped, and supplying products that ensure worry-free use by our customers.

In addition, raw materials and parts delivered from suppliers as well as products to be shipped to customers are periodically checked for chemical substances using fluorescent X-ray analyzers installed at each production site and at ROHM's Quality Assurance Department.

Compliance with laws and regulations, international rules, and voluntary industrial standards



○ Response to RoHS directives

To ensure that ROHM products are in compliance with the EU RoHS Directive (2002/95/EC), which came into effect in 2006, we completed the removal of lead from products in 2004 (excluding some customized products that contain lead at the customer's request). We have also implemented measures in response to the revised EU RoHS Directive (2011/65/EU), which was announced in 2011, and an additional directive restricting specific phthalate esters ((EU) 2015/863) that was announced in 2015. Excluding substances that are exempted from regulations, ROHM does not include amounts of restricted substances in products that exceed the maximum permissible concentration.

Thinking regarding Human Resources Training

"Search extensively for capable human resources and cultivate them as cornerstones for building long-term prosperity."

Based on the thinking that individual employees are the driving force behind our entire business, the ROHM Group respects the humanity and individuality of all of our employees, providing education and training that enable employees to proactively learn and grow. People in various leadership positions provide personal examples of the behavioral attitude employees should take, whatever the situation, constantly endeavoring to enhance the qualities of their subordinates and ensuring

their human growth so that they are able to perform their work duties. Furthermore, in order to polish employees' richness of humanity and intelligence, nurturing human resources equipped with broad knowledge and insight, high specialization, and global awareness, ROHM has also introduced external training where employees interact with capable human resources of other companies. By enhancing our training system, ROHM is accelerating investment in our human resources.

【Basic Goals for Education and Training】

1

Develop personnel at all levels to constantly strive to obtain new knowledge and to acquire empirical reasoning ability from a broad perspective.

2

Train staff to be dedicated as leaders in their field by utilizing their knowledge and experience.

3

Develop personnel who can overcome any adversity and strive towards achieving targets.

4

Train staff to place the highest value on teamwork, resulting from the combined efforts of all individuals.

Education and Training Structure

With the aim of putting our corporate objectives and policy into practice, the ROHM Group conducts (1) Training by job grade (providing a forum for exchange where employees can not only acquire the knowledge, skills, and mindset needed for their respective grades, but also interact and communicate with other employees of similar ages and roles across divisional boundaries); (2) Management Training (acquisition of knowledge and skills needed to fulfill the role of organizational leaders); and (3) Career Development Training (focus on the individual's career, regardless of grade or role, encouraging them to think about their own career with a proactive attitude and nurturing their ability to take action to fulfill their own self-realization). The ROHM Group

also provides OJT and specialist education programs (training through actual work duties in the individual's workplace).



Training for New Managers

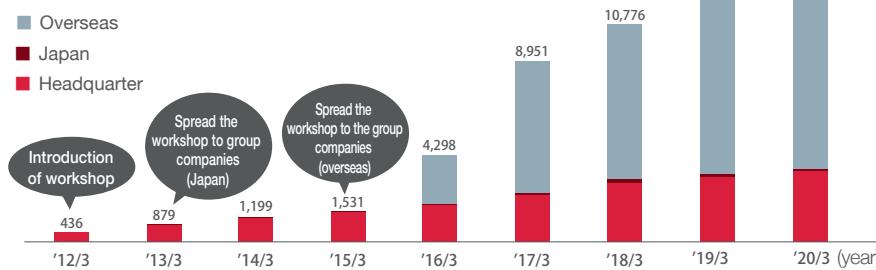
Instill corporate objectives and learn basic management policies



■ Training to Instill Corporate Objectives and Basic Management Policies

A business with an unwavering core that remains continuously rooted within the organization even when times change: All ROHM Group employees, whether in Japan or overseas, understand our corporate objectives and policy as a “common language.” To enable all of our employees, wherever in the world they may be, to play an active role as ROHM Group employees aiming towards a common goal, ROHM

provides employees throughout the world with training to instill our corporate principles. Such training for core employees has been completed through a series of workshops on corporate objectives and basic management policies that began in 2011. Today, the employees who underwent this training are continuing to undergo voluntary training to instill corporate principles at their respective bases around the world.



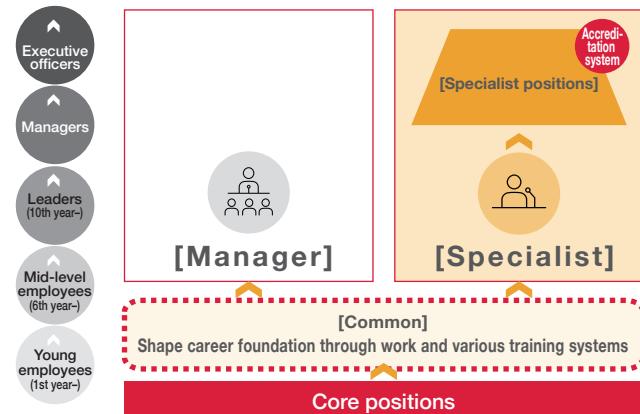
■ Work Style Reform

■ Providing Support for a Diversity of Working Styles

“Employees are always lively and active”

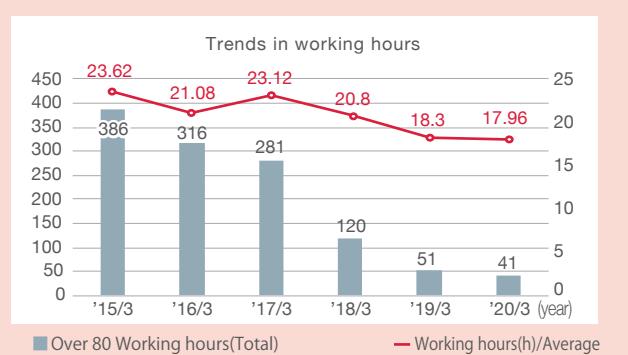
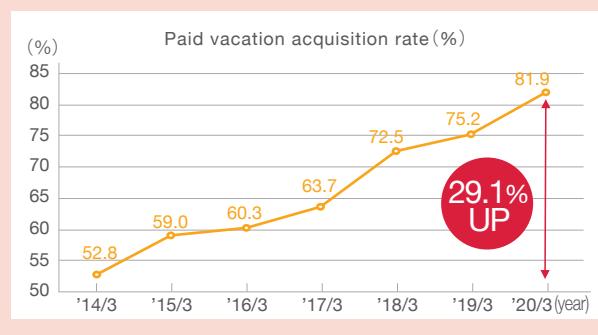
i. Specialist system

This is a system for accrediting employees whose particularly high level of specialization, even among specialists (employees who do not have subordinates and are able to further their specialization through their career), is recognized both inside and outside the company. There are three levels of accreditation: Senior Engineer, Chief Engineer, and Fellow. The specialist system expresses the expectation that such specialist personnel will become examples for young employees to aspire to through their further contributions to corporate performance and their passing on their skills by continuing to demonstrate a high level of specialization.



ii. Increase in paid-vacation acquisition rate/reduction of overtime hours

ROHM is endeavoring to create a workplace environment that enables each employee to work flexibly in accordance with their specific circumstances and living conditions, while also improving labor productivity.



iii. Improvement proposals submitted by individual employees

A committee for promoting work improvements has been established with the aims of not only increasing work efficiency and reducing costs but also fostering employees’ awareness regarding independent workplace improvements. By gathering employees’ opinions from the bottom up and reflecting these opinions within the company, ROHM is aiming to increase employee satisfaction and

maximize output in accordance with a diversity of working styles. Around November of each year, we hold a campaign calling for improvement proposals, and prizes are awarded for especially outstanding ideas.

(Improvement proposals adopted in 2019: introduction of paid leave calculated by the hour, etc.)

Diversity & Inclusion Initiative

The ROHM Group respects the cultures, religions, customs, and systems of every country/region, endeavoring to act based on an understanding of the diversity of human values. With many employees from diverse backgrounds playing an active role in the company, at ROHM we believe that it is important to generate further innovation by transforming "diversity" into "mutual inclusion". Respect for basic human rights is rooted in ROHM's policies and is applied to every kind of activity that ROHM carries out around the world. ROHM's labor policies were formulated so as to support the ten principles of the United Nations Global Compact, respect the ILO (International Labor Organization)

Declaration on Fundamental Principles and Rights at Work, comply with the Code of Conduct of the RBA (Responsible Business Alliance), and reflect and comply with the laws of countries/regions around the world. Our labor policies incorporate such principles as "Respect for human rights and prohibition of discriminatory treatment", "Employment independence", "Prohibition of child labor", and "Freedom of association", respecting the humanity and individuality of each employee and declaring the creation of a working environment that is comfortable to work in, and we undertake our business activities in accordance with these policies.



The ROHM Group is focusing on five areas in order to promote diversity and inclusion.

■ Women's Active Participation

The ROHM Group, which counts people as our most precious asset and resource, is also committed to women playing active roles in corporate activities. Women's active participation not only enables us to secure outstanding human resources, but also is expected to have various positive effects such as improving results due to their ability to identify and resolve issues from a different perspective than men; improving career-advancement images for young female employees by providing role models; and reforming business culture by creating a corporate climate where both male and female employees can play active roles. Not only is ROHM constructing systems and fostering corporate culture that supports women's employment, we are also providing support for working women in terms of career formation and various other aspects.

<Action Plan Related to the Promotion of Women's Activation and Support for Nurturing the Next Generation>

ROHM has formulated and disclosed, both internally and externally, an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act of Advancement of Measures to Support Raising Next-Generation Children.

Furthermore, by implementing various measures in order to achieve our goals, ROHM aims to realize working styles that match a diversity of values.



Woman meeting

■ Discovering and Nurturing Global Human Resources

In recent years, as changes in the market environment and acceleration of global business continue to advance, the recruitment and nurturing of global human resources have also become important for ROHM. "Global human resources" means not just "human resources who are proficient in languages;"

rather it refers to human resources who are capable of thinking about matters independently and taking a broad perspective; accepting different cultures, ideas, and thinking; and creating new value. For these reasons, ROHM is proactively searching for and recruiting global human resources.

■ Active Role of Senior Human Resources

With the arrival of the age of the “100-year life,” people’s working styles and lifestyles are currently undergoing tremendous change, and it is becoming very important to create an environment that enables seniors with the desire and ability to work to play an active role in the workforce. Moreover, the experience, skills, human networks, and other assets that seniors have cultivated over their long careers are precious treasures.

Moving forward, ROHM intends to build an environment in which seniors can play an even more active role, effectively fusing the qualities of young, middle-aged, and senior groups to create an organization capable of continuously generating huge output.

■ Active Role of Employees with Disabilities

At ROHM Group, we believe that all human resources—regardless of whether or not they have disabilities—are valuable assets in the company’s pursuit of perpetual prosperity. In promoting diversity and inclusion, we are not only realizing a workplace environment that enables employees with disabilities to demonstrate their capabilities, but also

proactively endeavoring to hire people with disabilities. At present, more than 100 people with disabilities are performing a range of jobs in various workplaces throughout the ROHM Group. As of March 2020, the employment rate for people with disabilities was 2.31% (for the ROHM Group overall), exceeding the legally required employment rate (2.2%).

■ LGBT Initiatives

Also within the ROHM Group, in addition to promoting diversity and inclusiveness, we need to proactively facilitate greater understanding among our employees of LGBT issues and consideration of LGBT people in order to build a workplace environment where everyone can work with

enthusiasm. Moving forward, we will work to create an environment in which the identities of employees are not violated through such measures as providing internal training, improving and expanding counseling services, and enhancing the workplace environment.

Contribution to the Local Community

■ Corporate Citizen

“Being trusted and chosen by society”

i. Research support for educational institutions

At ROHM Co., Ltd., we have been publicly recruiting mainly young researchers at universities, technical colleges, and public research institutions for research positions since 2016 with the aims of invigorating ROHM’s own original technologies and expending intellectual exchange

with external research institutions. During 2020, we received 31 applications from which seven applicants were recruited. Since 2016, we have received a cumulative total of 232 applications from which we recruited 50 applicants.

ii. Deepening relationships with universities

In August 2019, ROHM newly established a research laboratory at Nagoya University. At this base, we are using simulation technology to study the power consumption given to systems by the properties of power devices and power modules in addition to the impact of electromagnetic noise. This R&D will be used to develop and strengthen next-generation vehicle semiconductors with even higher customer value for use in electric cars (EV) and autonomous cars, projects into which ROHM is currently pouring tremendous effort.



iii. Nurturing the engineers of the future

Through our sponsorship of robot competitions involving approximately 1,000 students every year, ROHM is supporting a generation of ideas by engineers and creators involved in manufacturing. Furthermore, in 2019, we held a hands-on event (an event in which attendees can handle actual products) jointly with several universities as a new initiative.

At ROHM, we are supporting not only in-house R&D but also the nurturing of human resources who will lead the next generation.



CSR Procurement Promotion (Responsible Supply Chain)

■ Procurement Policy

Rohm shall conduct procurement activities based on the following five policies in order to acquire customers' satisfaction for Rohm products

1. Mutual Reliability and Prosperity
2. Fair and Equal Footing Trade
3. Fair Selection
4. Proper Evaluation and Distribution for Added Value of Product and Service
5. CSR Procurement

■ Activities with Our Trading Partners

【CSR procurement】

We assist trading partners in deepening their understanding of the ROHM Group's thinking with regard to CSR procurement activities.

(Content of activities)

- Holding "Thank-you" events
- Distributing "CSR Procurement Guidelines"
- Implementing "CSR Procurement Self-assessment"
- Implementing
- "CSR Procurement Audits"

【Quality】

- Avoiding the risk of quality anomalies
- Implementing "Quality Audits"

ROHM is working closely with our trading partners to realize responsible procurement from various perspectives.



"Thank-you" events

CSR procurement audits

| 2019 FY | |
|--|-----------------|
| Number of companies undertaking self-assessment | 1,488 companies |
| Percentage of the above companies scoring high evaluations | 78% |
| Number of companies conducting CSR procurement audits | 31 companies |
| Number of companies implementing quality audits: | 37 companies |

Penetration
of CSR
through the
supply chain

【Responsible Mineral Procurement】

【Green Procurement】

From the standpoint of protecting human rights, the ROHM Group is promoting measures to not use minerals as raw materials for products in regions where minerals are being used as a source of funding for armed groups that perpetrate human rights violations.

Laws and regulations regarding chemical substances are becoming more stringent lately, therefore, ROHM has been working to promote green procurement by improving the accuracy of investigation on the use of chemical substances in the supplied parts and materials. Screening is performed by checking parts and materials against our own independent standards, and only items that pass this screening test are registered in our procurement system. To enable us to construct mechanisms for keeping out prohibited substances and to request our trading partners to carry out thorough management of chemical substances contained in their products, we have published green procurement guidelines and standards for managing chemical substances in products, requesting that our trading partners check to ensure that they are in compliance.

【BCP(Business Continuity Plans)】

As part of our BCP, the ROHM Group is endeavoring to deepen coordination with our trading partners under ordinary circumstances to ensure that our customers' business activities are not interrupted in the event of an emergency, creating a system that makes swift recovery possible as well as preparing alternative materials.

Occupational Health and Safety

■ Approach to Occupational Health and Safety

The ROHM Group formulates common health and safety policies and promotes health and safety activities. Moreover, we have accreditation for OHSAS18001, an international labor health and safety standard, and are endeavoring to increase the precision of our activities.

■ Safety and Hygiene Policies

In accordance with the spirit of CSR, the ROHM Group recognizes that safety and health are the top priorities in all business activities, and we are proactively endeavoring to create a work environment that is comfortable and easy to work in, as well as maintain and improve the physical and mental health of our employees.

1. We comply with health and safety laws and their related regulations, other requirements, and our company's rules.
2. We prevent occupational accidents by implementing managerial measures based on the identification of hazard sources in our workplace and their severity via risk assessment.
3. We pursue highly-ranked awareness by systematic education, training, and other things concerning health and safety. Additionally we strive to prevent injuries, physical and mental illnesses by promoting the creation of a comfortable workplace through energized, voluntary activities.
4. We design and operate the occupational health and safety management system through consultation with our workers and their involvement in decision-making.
5. We carry out continuous improvement activities with full participation by setting the health and safety objectives and the action plan that are supported with adequate resources.

■ Organization / Promotion System

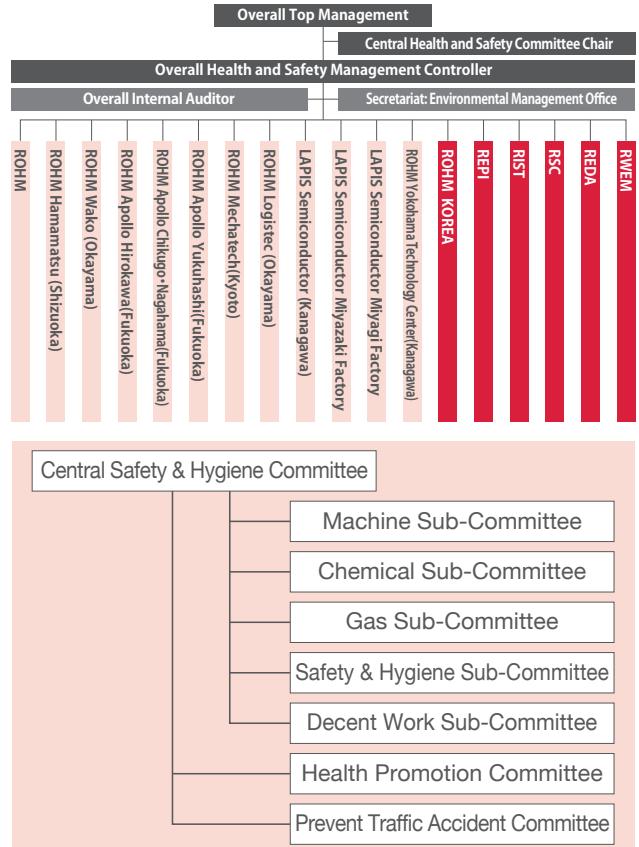
【The ROHM Group's Health and Safety Management Promotion System】

The ROHM Group has production bases throughout the world. In order to ensure the safety of factory employees, we are expanding our common labor health and safety management system—which the ROHM Group formulated based on the OHSAS18001 international labor health and safety standard—throughout the entire Group. ROHM Headquarters and domestic affiliated companies acquired OHSAS18001 accreditation in March 2013, followed by our overseas affiliated companies. (As of March 2020, ROHM Mechatec has acquired ISO45001 accreditation.) Through this promotion system, all of the ROHM Group's activities related to health and safety are carried out under the orders of the ROHM Group's Overall Health and Safety Management Controller, with all Group members working together to implement health and safety activities.

【ROHM Health and Safety Promotional Structure】

To ensure the safety of all employees, enhance and maintain their health, and promote comfortable working environments, various activities based on ROHM's health and safety policies are being implemented by the following bodies under the Central Safety and Hygiene Committee. The Committee is headed by the Safety and Hygiene executive manager, who is assigned by the director.

■ Domestic ROHM Group companies
■ Overseas ROHM Group companies



■ Measures to Maintain and Improve Health

Based on our health and safety policy, ROHM is proactively implementing measures to create a workplace where employees can be healthy and work with enthusiasm. We have long banned workplace smoking from the entire company (since 1997); we provide free influenza vaccinations to all employees who wish to be vaccinated; and we provide continuous health guidance to young employees (between the ages of 35 and 39). Furthermore, in FY 2019, we provided female employees with free gynecological check-ups, conducted various seminars on food as well as physical and mental health, and installed InBody equipment in internal welfare spaces that employees can use freely. These and other efforts have been recognized, with ROHM receiving accreditation three years running as a "Certified Health & Productivity Management Outstanding Organization 2000 (White 500)" (Top 500 organizations), an honor bestowed jointly by the Ministry of Economy, Trade and

Industry (METI) and Nippon Kenko Kaigi. ROHM has also been registered as a Promotion Partner Company in the Ministry of Health, Labor and Welfare's (MHLW) Cancer Countermeasure Promotion Company Action initiative. In the future, we will continue to prioritize our employees' health and safety, promoting such health-management activities such as those related to women's health issues, measures to ensure that all employees who require it undergo a complete physical examination following a check-up, increasing the consultation rate for Rubella antibody testing as part of health check-ups, creating an environment that makes it possible for employees to continue working even if they develop cancer, and educational activities promoting better exercise habits. In addition, we will also promote activities aimed at creating a comfortable work environment as well as maintaining and improving physical and mental health.



■ ROHM Group Basic Ethics Policy

【Respect for International Standards, and Compliance with Laws, Business Ethics, and in-house rules】

The ROHM Group will conduct its business observing the laws, business ethics, and in-house rules in order to continue to gain the trust of various stakeholders as a company in compliance

with the laws. The Group will also, in line with the globalization of business activities, respect international standards of conduct.

■ ROHM Group Business Conduct Guidelines

The ROHM Group translates its Business Conduct Guidelines, which clarify basic ethical rules that must be observed in daily business activities, into seven languages and promotes their use at all group companies. In addition, opportunities for employee

education at the company, such as workshops and legal e-learning, along with awareness-raising activities are offered to increase and ensure compliance.



■ Promotion Structure

ROHM has established a Compliance Committee under the CSR Committee to promote compliance throughout the Group overall. The Committee is chaired by a director and committee members comprise the heads of related departments. Meetings are also attended by an external director who is a member of the Audit and Supervisory Committee as well as the head of the Audit Division as

observers. ROHM is endeavoring to maintain and strengthen the compliance system within the Group. We conduct checks regarding the establishment and revision of laws and regulations applicable to the ROHM Group as well as the status of our compliance with these, reviewing laws and regulations related to labor ethics on a quarterly basis and laws and regulations related to business activities annually.

■ Educational Activities

ROHM conducts research on compliance-related themes such as the following, while also regularly implementing e-learning courses and endeavoring to implement across-the-board compliance.

- | | |
|------------------------------|-------------------------------|
| • Labor ethics | • Insider trading regulations |
| • Trade secret management | • Subcontract law |
| • Competition law compliance | etc. |



Comply with competition laws

■ Whistleblowing System

As a whistleblowing system, ROHM has established a compliance hotline with an external legal office as the contact point. Reports and consultation can be received from any employee regarding compliance violations that have occurred within Group companies located in Japan with the aim of uncovering compliance violations early and implementing appropriate responses. Compliance hotlines

have also been established at affiliated companies overseas. For operating the whistleblowing system, internal regulations have been established to prohibit disadvantageous treatment due to whistleblowing and confidentiality is strictly maintained. Employees are notified about the whistleblowing contact office through notices posted on noticeboards and internal training.

■ Policy on Information Protection

The ROHM Group has defined its policy on information security and works to implement thorough management. This management covers the confidential information on the ROHM Group that is obtained during business activities, third-party confidential information

obtained from trading partners or customers, information affecting the privacy of related parties and personal information.

■ ROHM Group Information Security Policy

- 1.We take on effective data protection measures to the Divulgung of information.
- 2.The System and Network where the business continuance is enable under all situations are secured.
- 3.All employees should try to prevent the security accident of the Divulgung of information etc.

Other efforts for the personal information of customers are conducted in accordance with the "Act on the Protection of Personal Information" and the "METI Guidelines on the Protection of Personal Information" and include the clarification of the purpose of use, appropriate acquisition and safe and strict management.

■ Main Action

【Implementing Information Security Measures from Both Human and Device Perspectives】

With regard to security measures, ROHM implements anti-virus measures and measures to counteract the vulnerability of Windows for personal computers used by our employees and other electronic devices. Furthermore, by introducing multi-factor authentication and mechanisms enabling personal computers to be initialized remotely in the unlikely event that a device is lost, ROHM is creating an environment in which information leakage does not occur.

Moreover, common causes of information leakage are operational mistakes, device/information management mistakes, and lack of awareness regarding information security—all of which are caused by human error. In order to prevent and reduce these security risks, ROHM provides employees with continuous training and education and is endeavoring to improve our employees' security literacy.

Such measures addressing security risks caused by both devices and people are being diffused throughout the ROHM Group, and all Group members are working together as one to promote information security measures.



【Seismic Base Isolation of the ROHM Group's Core System Servers】

At the ROHM headquarters, in order to mitigate the risk from seismic activities, a mirror site of the central system was developed and is operated so that in case of emergency at the headquarters, a system to switch operation over to the mirror site will become possible.

In addition, a seismic base isolator has been installed in the server room, and seismic resistance has also been improved.

ROHM will continue to be involved in implementing BCP measures.



Cultural Support Activities

■ Implementing activities that contribute to the dissemination and development of music culture



Performance of Opera Project XVII, "Carmen" by the Seiji Ozawa Music Academy at the Main Hall, ROHM Theatre Kyoto Photo: Takuo Sasaki

Rohm Music Foundation (a Public Interest Foundation)

With the aim of continuously contributing to the diffusion and development of music culture, in 1991, ROHM established a public interest incorporated foundation, the “ROHM Music Foundation,” with both ROHM and ROHM’s founder, Kenichiro Sato, playing a central role in the Foundation’s creation. Since its establishment, the Foundation has been especially committed to nurturing young musicians, offering scholarships and holding seminars that provide learning opportunities in addition to a diversity of other activities. Over the approximately 30 years between FY 1991 and FY 2019, the number of “ROHM Music Friends”—musicians who ROHM has supported in this way—has risen to as many as 4,624.

ROHM Theatre Kyoto: A Cultural Institution

ROHM Music Friends are active throughout Japan and overseas, with many achieving success on the frontlines of the music world, including violinist Daishin Kashimoto, who is the first concertmaster of the Berlin Philharmonic Orchestra, and cellist Dai Miyata, who was the first Japanese national to win the Mstislav Rostropovich International Cello Competition. ROHM also holds events aimed at nurturing new ROHM Music Friends for which prominent Music Friends are invited to Kyoto to present music as performers as well as teach seminars. The base for these activities is the ROHM Theater Kyoto, which opened on January 10, 2016. As an active supporter of the music arts over many years, ROHM is collaborating in these activities in the form of acquiring the naming rights of this theater for the next 50 years. The ROHM Theater Kyoto is located in the heart of one of Kyoto’s most prominent cultural areas, home to numerous historic shrines and art museums, and as of FY 2019, approximately 9.88 million people have attended the various performances that have been staged there.

Violinist Daishin Kashimoto performing in the ROHM Music Festival
Photograph courtesy of Takuo Sasaki



Dai Miyata teaching a seminar
Photograph courtesy of Takuo Sasaki





Scene from the Seiji Ozawa Music Academy Opera Project
Photograph courtesy of Masatoshi Uenaka



Seiji Ozawa conducting
Photograph courtesy of Michiharu Okubo

Activities by ROHM and the Rohm Music Foundation that express the splendor of music

ROHM Music Festival: A Music-Filled Event

Since 2016, ROHM has been holding the ROHM Music Festival, for which ROHM books out the ROHM Theater Kyoto.

Centering on performances by ROHM Music Friends who are active throughout Japan and the world, this music festival is a project that facilitates appreciation and enjoyment of a diversity of musical forms including orchestras, opera, and chamber ensembles. Concerts performed by junior high school and high school students in the Kansai region are also held, and for the duration of the festival, the local area overflows with music, enabling many people to experience the magic of music.

A global education project Seiji Ozawa Music Academy

Ever since the opening of the ROHM Theater Kyoto in 2016, it has been the production base for the Seiji Ozawa Music Academy, a project aimed at nurturing young musicians that is overseen by world-renowned conductor Seiji Ozawa. Launched in 2000, this project offers a program that is rare even by global standards, with young musicians selected through auditions judged by Seiji Ozawa and other world-renowned musicians to form an orchestra that is conducted by Mr. Seiji Ozawa and performs together with opera singers who are active on the world stage. In addition, an Opera for Children program has been created with the aim of providing local elementary school students in Kyoto, where the project's production base is located, with opportunities to appreciate and enjoy opera, and over 11,600 elementary school students.

International Exchange Through Music: Kyoto International Music Students Festival

Held every year since 1993, the Kyoto International Music Students Festival invites students from leading music schools around the world to perform together with music students from throughout Japan. With approximately 100 students participating, this festival features performances in a variety of genres using piano, stringed and wind instruments, vocals, and orchestra, presented over five days. Such a large-scale event is unique in the world. The festival has become established as an early summer event in Kyoto and welcomes many visitors every year.



Kyoto International Music Students Festival
Photo: Tatsuo Sasaki

Number of visitors and concerts
supported and hosted by ROHM and
Rohm Music Foundation in 2019.

99 concerts
Over 104,000 visitors(Total)

Eleven-Year Summary

| | '10/3 | 11/3 | '12/3 |
|--|---------|---------|----------------|
| For the Year: | | | |
| Net sales | 335,640 | 341,885 | 304,652 |
| Cost of sales | 229,831 | 219,149 | 209,046 |
| Selling, general and administrative expenses | 86,999 | 89,999 | 89,253 |
| Operating profit (loss) | 18,809 | 32,736 | 6,352 |
| Profit (loss) before income taxes | 10,836 | 19,400 | -2,696 |
| Income taxes | 4,001 | 9,524 | 13,374 |
| Profit (loss) attributable to owners of parent | 7,134 | 9,632 | -16,106 |
| Capital expenditures | 30,216 | 40,042 | 51,117 |
| Depreciation and amortization | 47,354 | 37,216 | 35,915 |
| Per Share Information (in yen): | | | |
| Net income (loss) per share | 65.10 | 88.07 | -149.41 |
| Diluted net income per share | — | — | — |
| Dividend per share | 130.0 | 130.0 | 60.0 |
| As of the end of Year: | | | |
| Current assets | 462,434 | 436,247 | 434,457 |
| Current liabilities | 68,849 | 64,333 | 74,337 |
| Equity | 707,718 | 668,778 | 634,280 |
| Total assets | 807,339 | 759,988 | 737,326 |
| Number of employees | 21,005 | 21,560 | 21,295 |

- Notes: 1. Certain reclassifications of previously reported amounts have been made to conform to the classifications used in the 2019 financial statements.
2. Diluted net income per share for the fiscal years ended March 31, 2019, 2018, 2017, 2016, 2015, 2014, 2011, and 2010 is not disclosed because there were no outstanding potentially dilutive securities and ROHM Co., Ltd. was in a net loss position for the fiscal years ended March 31, 2013 and 2012.
3. Effective April 1, 2010, ROHM Co., Ltd. and its consolidated subsidiaries applied a new accounting standard for asset retirement obligations. The effect of this change was to decrease "Operating profit" by 73 million yen and "Profit before income taxes" by 784 million yen for the year ended March 31, 2011.
4. Effective from the fiscal year ended March 31, 2019, ROHM Co., Ltd. and its consolidated subsidiaries applied a new accounting standard for asset retirement obligations. The effect of this change was to apply "Partial Amendments to Accounting Standard for Tax Effect Accounting" (SBJ Statement No. 28; February 16, 2018) and change the accounting method to show deferred tax assets under the category "Investments and other assets" and deferred tax liabilities under the category "Fixed liabilities".
5. Effective from the fiscal year ended March 31, 2020, ROHM Co., Ltd. and its subsidiaries applied a new accounting standard as follows. With the exception of the United States, subsidiary companies located overseas have applied the IFRS No. 16 "Lease" (January 13, 2016) from the relevant period, and as a general rule, borrowers recognize all leases as assets or debts. With regard to application of the relevant accounting standard, a method for recognizing the cumulative impact on the date on which the standard was applied has been adopted in accordance with transitional treatment.

| Millions of Yen | | | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| '13/3 | '14/3 | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 | '20/3 |
| 292,410 | 331,087 | 362,772 | 352,397 | 352,010 | 397,106 | 398,989 | 362,885 |
| 213,275 | 227,014 | 235,042 | 230,662 | 234,967 | 252,591 | 254,727 | 251,125 |
| 80,056 | 80,437 | 88,929 | 88,099 | 85,215 | 87,510 | 88,352 | 82,269 |
| -921 | 23,635 | 38,800 | 33,635 | 31,827 | 57,004 | 55,909 | 29,489 |
| -52,414 | 40,179 | 55,239 | 31,537 | 32,377 | 46,512 | 60,923 | 38,018 |
| 9 | 8,056 | 9,897 | 5,835 | 5,927 | 9,247 | 15,454 | 12,362 |
| -52,464 | 32,091 | 45,296 | 25,686 | 26,432 | 37,249 | 45,441 | 25,632 |
| 42,817 | 31,754 | 48,739 | 56,686 | 42,182 | 55,911 | 57,291 | 38,941 |
| 38,879 | 25,559 | 34,467 | 38,338 | 40,801 | 43,407 | 45,415 | 44,328 |
| -486.63 | 297.65 | 420.16 | 241.91 | 249.88 | 352.14 | 431.29 | 247.66 |
| - | 244.90 |
| 30.0 | 50.0 | 130.0 | 130.0 | 130.0 | 240.0 | 150.0 | 150.0 |
| 423,064 | 461,745 | 523,376 | 473,570 | 495,958 | 504,182 | 511,002 | 517,888 |
| 55,750 | 52,954 | 69,660 | 62,352 | 69,050 | 78,055 | 76,174 | 62,367 |
| 613,647 | 663,387 | 752,433 | 706,251 | 725,452 | 751,877 | 766,754 | 715,479 |
| 699,014 | 754,407 | 864,380 | 804,134 | 834,503 | 864,272 | 874,427 | 848,873 |
| 20,203 | 19,985 | 20,843 | 21,171 | 21,308 | 23,120 | 22,899 | 22,191 |

Consolidated Balance Sheet

[Assets]

| | Millions of Yen | |
|---|-----------------|-----------------|
| | '19/3 | '20/3 |
| Cash and deposits | 268,254 | 298,296 |
| Notes and accounts receivable - trade | 84,021 | 74,834 |
| Electronically recorded monetary claims - operating | 5,833 | 5,604 |
| Securities | 21,491 | 17,427 |
| Merchandise and finished goods | 30,261 | 27,616 |
| Work in process | 56,592 | 48,352 |
| Raw materials and supplies | 34,114 | 35,753 |
| Income taxes receivable | 481 | 488 |
| Other | 10,022 | 9,639 |
| Allowance for doubtful accounts | -69 | -123 |
| Total current assets | 511,002 | 517,888 |
| Buildings and structures | 241,973 | 241,085 |
| Accumulated depreciation | -167,024 | -169,849 |
| Buildings and structures (net) | 74,949 | 71,236 |
| Machinery, equipment and vehicles | 583,154 | 586,018 |
| Accumulated depreciation | -503,977 | -516,163 |
| Machinery, equipment and vehicles (net) | 79,177 | 69,855 |
| Tools, furniture and fixtures | 52,053 | 51,267 |
| Accumulated depreciation | -43,842 | -44,012 |
| Tools, furniture and fixtures (net) | 8,210 | 7,255 |
| Land | 66,973 | 66,594 |
| Construction in progress | 22,334 | 26,207 |
| Other | - | 4,036 |
| Accumulated depreciation | - | -1,401 |
| Other (net) | - | 2,635 |
| Total property, plant and equipment | 251,645 | 243,784 |
| Goodwill | - | 1,391 |
| Other | 4,097 | 3,208 |
| Total intangible assets | 4,097 | 4,599 |
| Investment securities | 87,683 | 66,237 |
| Net defined benefit asset | 1,772 | 1,340 |
| Deferred tax assets | 6,717 | 4,862 |
| Other | 12,212 | 10,232 |
| Allowance for doubtful accounts | -703 | -72 |
| Total investments and other assets | 107,682 | 82,600 |
| Total non-current assets | 363,425 | 330,984 |
| Total assets | 874,427 | 848,873 |

[Liabilities and Equity]

| | Millions of Yen | |
|---|-----------------|----------------|
| | '19/3 | '20/3 |
| Notes and accounts payable - trade | 11,873 | 11,024 |
| Electronically recorded obligations - operating | 4,252 | 3,838 |
| Accounts payable - other | 26,453 | 20,803 |
| Income taxes payable | 8,137 | 3,990 |
| Other | 25,457 | 22,710 |
| Total current liabilities | 76,174 | 62,367 |
| Bonds payable | - | 40,935 |
| Deferred tax liabilities | 19,964 | 17,430 |
| Net defined benefit liability | 10,688 | 10,908 |
| Other | 845 | 1,752 |
| Total non-current liabilities | 31,499 | 71,026 |
| Total liabilities | 107,673 | 133,393 |

[Net Assets]

| | | |
|---|----------------|----------------|
| Capital stock | 86,969 | 86,969 |
| Capital surplus | 102,403 | 102,403 |
| Retained earnings | 634,606 | 644,563 |
| Treasury shares | -47,430 | -88,726 |
| Total shareholders' equity | 776,549 | 745,210 |
| Valuation difference on available-for-sale securities | 28,850 | 22,015 |
| Foreign currency translation adjustment | -35,487 | -47,517 |
| Remeasurements of defined benefit plans | -3,645 | -4,716 |
| Total accumulated other comprehensive income | -10,282 | -30,219 |
| Non-controlling interests | 487 | 488 |
| Total net assets | 766,754 | 715,479 |
| Total liabilities and net assets | 874,427 | 848,873 |

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

| | Millions of Yen | |
|---|-------------------|-------------------|
| | '19/3 | '20/3 |
| Net Sales | 398,989 | 362,885 |
| Cost of sales | 254,727 | 251,125 |
| Gross profit | 144,262 | 111,759 |
| Selling, general and administrative expenses | 88,352 | 82,269 |
| Operating profit | 55,909 | 29,489 |
| Interest income | 3,810 | 3,824 |
| Dividend income | 1,014 | 1,033 |
| Foreign exchange gains | 3,927 | 401 |
| Other | 1,291 | 1,491 |
| Non-operating income | 10,043 | 6,750 |
| Interest expenses | 1 | 107 |
| Settlement package | 1,200 | 162 |
| Bond issuance costs | - | 81 |
| Other | 62 | 113 |
| Non-operating expenses | 1,264 | 465 |
| Ordinary profit | 64,689 | 35,774 |
| Extraordinary income | 360 | 5,714 |
| Extraordinary losses | 4,126 | 3,470 |
| Profit (loss) before income taxes | 60,923 | 38,018 |
| Income taxes - current | 16,480 | 9,822 |
| Income taxes - deferred | -1,025 | 2,539 |
| Total income taxes | 15,454 | 12,362 |
| Profit (loss) | 45,468 | 25,656 |
| Profit (loss) attributable to non-controlling interests | 26 | 23 |
| Profit (loss) attributable to owners of parent | 45,441 | 25,632 |
| Profit (loss) | 45,468 | 25,656 |
| Other Comprehensive Income (loss): | | |
| Valuation difference on available-for-sale securities | -5,081 | -6,835 |
| Foreign currency translation adjustment | 5,189 | -12,023 |
| Remeasurements of defined benefit plans, net of tax | -68 | -1,071 |
| Total other comprehensive income | 39 | -19,930 |
| Comprehensive income (loss) | 45,507 | 5,725 |
| Total Comprehensive Income (loss) Attributable to: | | |
| Owners of the parent | 45,470 | 5,695 |
| Non-controlling interests | 37 | 30 |

Consolidated Statement of Cash Flows

Financial Data

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Cash Flows

【Operating Activities】

| | Millions of Yen | |
|--|-----------------|---------------|
| | '19/3 | '20/3 |
| Profit before income taxes | 60,923 | 38,018 |
| Depreciation | 45,415 | 44,328 |
| Impairment loss | 1,398 | 429 |
| Increase (decrease) in allowance for doubtful accounts | -313 | -572 |
| Increase (decrease) in net defined benefit liability | 467 | -833 |
| Decrease (increase) in net defined benefit asset | 350 | 120 |
| Extra retirement payments | 2,094 | 1,250 |
| Interest and dividend income | -4,824 | -4,858 |
| Foreign exchange losses (gains) | -1,340 | 1,544 |
| Loss(gain) on sales of short-term and long-term investment securities | -222 | -5,020 |
| Loss (gain) on valuation of short-term and long-term investment securities | 0 | 936 |
| Loss (gain) on sales of non-current assets | -80 | -289 |
| Decrease (increase) in notes and accounts receivable - trade | 1,274 | 8,149 |
| Decrease (increase) in inventories | -21,846 | 7,091 |
| Increase (decrease) in notes and accounts payable - trade | -2,764 | -703 |
| Increase (decrease) in accounts payable - other | -1,705 | 164 |
| Other (net) | 2,145 | -438 |
| Subtotal | 80,973 | 89,317 |
| Interest and dividend income received | 4,645 | 5,046 |
| Interest expenses paid | -1 | -9 |
| Income taxes (paid) refund | -19,180 | -12,953 |
| Extra retirement payment | -446 | -2,269 |
| Net cash provided by (used in) operating activities | 65,990 | 79,130 |

【Investing Activities】

| | '19/3 | '20/3 |
|--|----------------|---------------|
| Decrease (increase) in time deposits | -3,358 | 17,737 |
| Purchase of short-term and long-term investment securities | -13,403 | -6,908 |
| Proceeds from sales and redemption of short-term and long-term investment securities | 20,550 | 25,421 |
| Purchase of property, plant and equipment | -54,273 | -41,880 |
| Proceeds from sales of property, plant and equipment | 156 | 652 |
| Other (net) | -3,670 | -3,698 |
| Net cash provided by (used in) investing activities | -53,997 | -8,676 |

【Financing Activities】

| | '19/3 | '20/3 |
|---|----------------|----------------|
| Proceeds from issuance of Bonds | - | 40,918 |
| Purchase of treasury shares | -10,003 | -41,295 |
| Cash dividends paid | -20,625 | -15,675 |
| Other (net) | -18 | -1,022 |
| Net cash provided by (used in) financing activities | -30,647 | -17,075 |
| Effect of exchange rate change on cash and cash equivalents | 2,746 | -5,904 |
| Net increase (decrease) in cash and cash equivalents | -15,908 | 47,474 |
| Cash and cash equivalents at beginning of period | 243,973 | 228,065 |
| Cash and cash equivalents at end of period | 228,065 | 275,539 |



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