

## Corporate Governance Report

Last Update: December 7, 2018

**ROHM Co., Ltd.**

Tadanobu Fujiwara, Chairman of the Board, President

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Securities code: 6963

<http://www.rohm.com>

The corporate governance of ROHM is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

1. We strive to pursue the best possible corporate governance in order to achieve our mission and policy as described in the Company Mission and the Basic Management Policy.
2. We recognize that a company is supported by all of its stakeholders including its customers, business partners, employees, shareholders, investors, and local communities. We believe that the management and conduct of a company must be based on fairness, integrity, and transparency. Our basic view on corporate governance is to achieve sustainable corporate growth and maximize corporate value over the mid- to long-term from the stakeholders' perspective after accurately identifying the Company's cost of capital. We strive to improve corporate governance in accordance with the following guidelines.
  - (1) To properly cooperate with all stakeholders including shareholders into consideration, and properly address and deal with ESG (environmental, social, and governance) issues.
  - (2) To respect the rights of shareholders, secure their equal treatment, and engage in constructive dialog with shareholders who the mid- to long-term perspective.
  - (3) To disclose corporate information in a timely and appropriate manner as a part of ensuring our transparency.
  - (4) To make the roles and responsibilities of the Board of Directors clear, hold meetings of the Board of Directors in a timely and appropriate manner, facilitate decision-making processes, and ensure that Outside Officers proactively express their views from an independent and objective standpoint and that the Board of Directors oversees the execution of business.

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

ROHM has listed all of the Principles of the Corporate Governance Code revised in June 2018.

• Supplemental Principle 4-2-1 **【Roles and Responsibilities of the Board of Directors】**

About Policies and procedures for determining Director remuneration, please refer II. 1. "Director Remuneration" "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in this report. But in the future, to try to motivate management team to improve medium-and-long term corporate value, we are considering whether to introduce stock based compensation which is linked with medium-and-long term performance and shareholder's value.

• Principle 4-11 **【Precondition to Ensure Effectiveness of the Board of Directors and the Board of Company Auditors】**

ROHM has established the selection standard of the director considering variety of the constitution of the Board of Directors, but we will consider continuously to ensure diversity including the aspect of gender and the internationality.

In addition, all members of the Board of Company Auditors are outside auditors, and they have appropriate experience and ability, and they have necessary knowledge of financial and accounting and legal affairs. Also,

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## ROHM Co., Ltd.

### Corporate Governance

more than one of them are elected as an expert having enough knowledge of financial and accounting or legal affairs.

#### [Disclosure Based on the Principles of the Corporate Governance Code]

ROHM had established the “ROHM Corporate Governance Policy” (hereinafter referred to as the “Policy”) at the meeting of the Company’s Board of Directors held on November 5, 2015 and revised on December 7, 2018.

The Policy is available at ROHM’s website:

URL:<https://www.rohm.com/web/global/investor-relations/corporate-governance>

#### • Principle 1-4 【Cross-shareholdings】

1.The basic policy on cross-shareholdings of listed companies and the exercise of voting rights with respect to cross-shareholdings is established by the Board of Directors as follows:

##### < Basic Policy on Cross-shareholdings of Listed Companies >

To achieve sustainable corporate growth and increase corporate value over the mid- to long-term of the ROHM Group, we believe that cross-shareholding of our major business partners in order to maintain strong business relationships with them is an important way.

With this end in view, annually the Board of Directors quantitatively and qualitatively examines each of cross-shareholdings in terms of economic rationality, the benefits of holding and other factors.

And shares unneeded to continue holding will be gradually reduced.

##### < Basic Policy on the Exercise of Voting Rights with Respect to Cross-shareholdings >

We exercise the right to vote after scrutinizing proposals based on the purpose of shareholding and verifying that proposals will contribute to increase corporate value. Votes against such proposals may be casted if there is a situation that could damage corporate value or a concern that could arise over corporate governance for reasons like social misconduct.

#### • Principle 1-7 【Related Party Transactions】

1.In order to protect the interests of shareholders, we endeavor to prevent directors, employees, and other persons related to ROHM from engaging in any transactions that may be detrimental to ROHM or its shareholders by exploiting their position.

2.When we engage in transactions with officers or major shareholders, we follow the proper approval procedures of the Board of Directors in accordance with the Company's rules and regulations.

#### • Principle 2-6 【 Roles of Corporate Pension Funds as Asset Owners】

1.Regarding the management of the reserve funds of the defined-benefit corporate pension plan, because the management of such funds impacts stable asset formation for our employees and the Company's own financial standing, we endeavor to allocate and develop personnel with necessary experience and qualification to perform monitoring and other necessary activities on the management institution.

2.We ensure appropriate management of such funds without causing a conflict of interest between the pension fund beneficiaries and the Company, asset management institutions are selected from among those having declared the adoption of Japan’s Stewardship Code and entrusted to select individual investment destinations and to exercise the right to vote.

#### • Principle 3-1 【Complete information disclosure】

ROHM endeavors to disclose information actively, disclosing in a timely and accurate disclosure in accordance with laws, and to secure transparency and fairness in our decision making and realize effective corporate governance.

1.Management philosophy and business strategies, business plans

Our company’s mission is to ‘contribute to the advancement and progress of society through a consistent supply, under all circumstances, of high quality products in large volumes to the global market by making quality our top priority at all times.’

In order to build the foundations for mid-to long-term growth needs to serve continuously markets, the ROHM Group is promoting the following growth strategies.

The ROHM Group is bolstering its product lineups for automotive and industrial equipment markets, where

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## ROHM Co., Ltd.

### Corporate Governance

growth is anticipated for the mid-to long-term and continues to make effort to build up its sales operations in overseas market, and is developing new products and new technology where the group particularly excels, to note “analog”, “power”, etc., with a view to increase future earnings. Moreover, ROHM Group continues to strengthen production innovation.

In addition, the earnings forecast is announced every each fiscal year.

#### 2. Basic views and guidelines on corporate governance

Please refer I. 1. “Basic Views” in this report.

#### 3. Policies and procedures for determining director remuneration

Please refer II. 1. “Director Remuneration” “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in this report.

#### 4. Policies and procedures in the appointments/dismissals of the President and Executive directors and for nominating Director and Company Auditor (kansayaku) candidates

Please refer II. 1. “Directors” “Committee’s Name, Composition, and Attributes of Chairperson” in this report.

#### 5. Reasons for the appointments/dismissals of the President and Executive directors and the individual nominations of Director and Company Auditor candidates

Reasons for the appointments/dismissals of the President and Executive directors and the individual nominations of Director and Company Auditor candidates are disclosed on our website etc.

Please refer II. 1. “Directors” “Outside Directors’ Relationship with the Company (2)” in this report about outside directors, II. 1. “Company Auditors” “Outside Company Auditors Relationship with the Company (2)” in this report about outside company auditors. In addition, the company auditors except the outside company auditors do not exist.

Please refer to the following for the individual nominations of directors except outside directors.

##### (1) Tadanobu Fujiwara

- He has attained an abundant knowledge and negotiation ability through the experience of sales operations towards a wide variety of customers in the electronics market where globalization progresses, and he contributes to new customer development and sales improvement.

##### (2) Katsumi Azuma

- He has attained an abundant knowledge and experience through the duties in production sections of semiconductors or electronic components, and he has superior ability in improvement of quality and the production engineering.

##### (3) Isao Matsumoto

- He has attained an abundant knowledge and experience through the duties in domestic and foreign production and divisions, and he has superior ability in improvement of quality and production engineering.

##### (4) Masahiko Yamazaki

- He has attained an abundant knowledge and experience through the duties in the administration sections such as general affairs and legal affairs, and he has superior ability in managing administration sections of the whole group.

##### (5) Yoshiaki Suenaga

- He has attained an abundant knowledge and experience through the duties of ICs development and design, product strategy, and he has superior ability in promoting product development and marketing strategy.

##### (6) Kunio Uehara

- He has attained highly specialized expertise and abundant experience through the duties of the accounting and financial, and he has superior ability in carrying out the strategic financial operations of the ROHM Group.

##### (7) Shinichi Yoshimi

- He has attained highly specialized expertise and abundant experience through the human resources and others, and he has superior ability in strategically developing and managing human resources on the global stage.

##### (8) Kenichiro Sato

- As the Company’s founder, he has a wealth of knowledge and experience gained through corporate management over the years, helps to strengthen the unity of the Board of Directors, and can contribute to rapid management decisions and the improvement of ROHM’s corporate value.

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## ROHM Co., Ltd.

### Corporate Governance

- Supplemental Principle 4-1-1 【Scope of delegation to the management team】

The rules governing the Board of Directors specify matters related to board resolutions, while company rules specify matters delegated to each director.

- Principle 4-8 【Effective use of independent Outside Directors】

In order to facilitate the decision-making process, the number of directors is limited to ten or fewer. Moreover, at least two of whom must be independent directors who are not involved in the execution of business in order to ensure effective and objective oversight of the management.

Outside officers hold their meetings on a regular basis to exchange information, views and ideas on business operations or corporate governance.

- Principle 4-9 【Qualifications and standards for judgment of independence of independent Outside Directors】

The Board of Directors establishes standards of independence for independent directors and outside company auditors.

Please see "Independence Standards for Outside Officers" published in our website for details.

- Supplemental Principle 4-11-1 【Balance, diversity and scale for the Board of Directors, and policies and procedures for election of the Directors】

1. We take into consideration the diversity of the members of the Board of Directors and the Board of Company Auditors in establishing selection criteria for directors and company auditors.

2. The Company Director candidates are nominated by the Board of Directors on the basis of reports from the Officer Nomination Council, a majority of the member shall be independent Outside Directors, in accordance with the preceding Paragraph.

3. The Company Auditor candidates are nominated by the Board of Directors after agreement by the Board of Company Auditors on the basis of reports from the Officer Nomination Council, a majority of the member shall be independent Outside Directors, in accordance with the first Paragraph.

- Supplemental Principle 4-11-2 【Situation of concurrent posts for Directors and Auditors】

Directors and company auditors devote the time required to execute their respective duties and, if they also serve as officers at other listed companies, they disclose their positions.

Please refer to the notice of the general shareholders meeting that published in our website for details.

- Supplemental Principle 4-11-3 【Analysis and Evaluation of Effectiveness for the Board of Directors】

Assessment procedure;

At ROHM, each Director and Corporate Auditor is given a questionnaire evaluating the effectiveness of the Board of Directors, and the Board of Directors holds discussions based on these questionnaires' results to analyze and assess the effectiveness of the Board.

Overview of results and future actions:

The Board of Directors as a whole is evaluated as being largely effective, with the adequate dates and held frequency, in that it sets aside sufficient time for deliberations, makes an adequate decision through the decision of the important management of business, exchanges information and opinions with outside directors and auditors, and takes steps to ensure the appropriate information can be obtained. However, the consensus is that there is room for improvement in terms of the timing to distribute the handout and the manner in which deliberations are carried out.

The Board of Directors will take steps to heighten its effectiveness based on the results of this evaluation. The Board of Directors will take steps to heighten its effectiveness based on the results of this evaluation.

- Supplemental Principle 4-14-2 【Training policy for Directors and Auditors】

Based on the Basic Policy for Education and Training, directors and company auditors must always and proactively collect information on and endeavor to familiarize themselves with the Company's financial condition, legal compliance, corporate governance, and any other issues, in order to perform their respective roles.

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# ROHM Co., Ltd.

## Corporate Governance

### • Principle 5-1 【Policy concerning constructive dialog with shareholders】

1. We engage in constructive dialogue with shareholders in order to contribute to sustainable growth and increase corporate value over the mid- to long-term.
2. The senior management, directors, and the IR Department respond to shareholder requests for dialogue (or meetings) to the extent possible.
3. In order to promote constructive dialogue with shareholders, we:
  - (1) appoint a director who is responsible for ensuring that constructive dialogue takes place;
  - (2) establish an IR Department that works with the relevant departments including the General Affairs Department and the Accounting Department, with the aim of supporting dialogue with shareholders;
  - (3) organize financial results briefings, briefings for private investors, and IR tours for overseas investors in order to explain the Company's financial health or business strategies;
  - (4) regularly report shareholder information and views learned through dialogue to senior management and the Board of Directors, and;
  - (5) establish company rules to control insider information when engaging in dialogue.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Japan Trustee Service Bank, Ltd. (Trust account)	9,118,000	8.62
Rohm Music Foundation	8,000,000	7.56
The Master Trust Bank of Japan, Ltd. (Trust account)	7,387,700	6.98
The Bank of Kyoto, Ltd.	2,606,824	2.46
Ken Sato	2,405,066	2.27
Japan Trustee Service Bank, Ltd. (Trust account 9)	2,303,200	2.18
SSBTC CLIENT OMNIBUS ACCOUNT	1,991,340	1.88
Japan Trustee Service Bank, Ltd. (Trust account 5)	1,817,100	1.71
BBH FOR MATTHEWS ASIA DIVIDEND FUND	1,663,100	1.57
STATE STREET BANK WEST CLIENT – TREATY 505234	1,526,534	1.44

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

### Supplementary Explanation

\*Treasury stock (5,425,946) is excluded from the above list.

\*The shares owned by Japan Trustee Service Bank, Ltd. (Trust account) and The Master Trust Bank of Japan, Ltd. (Trust account), Japan Trustee Service Bank, Ltd. (Trust account 5), Japan Trustee Service Bank, Ltd. (Trust account 9) are held in an investment trust by each bank.

\*On November. 6, 2015, BlackRock Japan Co., Ltd., and nine co-owners of shares announced changes to their major shareholdings report to authorities. Even though we received a report of their owning our shares as follows as of October. 30, 2015, because the shares owned by them as of September. 30, 2018 could not be confirmed, that information is excluded from the above list.

Name and address : BlackRock Japan Co., Ltd., 1-8-3, Marunouchi, Chiyoda-ku, Tokyo

Number of shares : 1,340 thousands, Ratio to outstanding shares : 1.18%

Name and address : BlackRock Advisers, LLC., c/o Trust Company, 1209 Orange Street, Wilmington, New Castle, USA

Number of shares : 2,014 thousands, Ratio to outstanding shares : 1.78%

Name and address : BlackRock Investment Management LLC., 1 University Square Drive. Princeton, New Jersey, USA

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## ROHM Co., Ltd.

### Corporate Governance

Number of shares : 323 thousands, Ratio to outstanding shares : 0.29%  
 Name and address : BlackRock (Luxembourg) S.A., Avenue John F. Kennedy, L-1855, Grand Duchy of Luxembourg  
 Number of shares : 806 thousands, Ratio to outstanding shares : 0.71%  
 Name and address : BlackRock Life Limited., 12 Throgmorton Avenue, London, UK  
 Number of shares : 218 thousands, Ratio to outstanding shares : 0.19%  
 Name and address : BlackRock Asset Management Ireland Limited., JP Morgan House, International Financial Service Center, Dublin, Republic of Ireland  
 Number of shares : 446 thousands, Ratio to outstanding shares : 0.39%  
 Name and address : BlackRock Advisors (UK) Limited., 12 Throgmorton Avenue, London, UK  
 Number of shares : 46 thousands, Ratio to outstanding shares : 0.04%  
 Name and address : BlackRock Fund Advisors., 400 Howard Street, San Francisco, California, USA  
 Number of shares : 1,366 thousands, Ratio to outstanding shares : 1.20%  
 Name and address : BlackRock Institutional Trust Company, N.A., 400 Howard Street, San Francisco, California, USA  
 Number of shares : 1,418 thousands, Ratio to outstanding shares : 1.25%  
 BlackRock Investment Management (UK) Limited., 12 Throgmorton Avenue, London, UK  
 Number of shares : 194 thousands, Ratio to outstanding shares : 0.17%  
 \*On February. 21, 2017, Sumitomo Mitsui Trust Bank, Limited, and two co-owners of shares announced their major shareholdings report to authorities. Even though we received a report of their owing our shares as follows as of February. 15, 2017, because the shares owned by them as of September. 30, 2018 could not be confirmed, that information is excluded from the above list.  
 Name and address : Sumitomo Mitsui Trust Bank, Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo  
 Number of shares : 3,818 thousands, Ratio to outstanding shares : 3.43%  
 Name and address : Sumitomo Mitsui Trust Asset Management Co., Ltd., 3-33-1 Shiba, Minato-ku, Tokyo  
 Number of shares : 324 thousands, Ratio to outstanding shares : 0.29%  
 Name and address : Nikko Asset Management Co., Ltd., 9-7-1 Akasaka, Minato-ku, Tokyo  
 Number of shares : 1,479 thousands, Ratio to outstanding shares : 1.33%  
 \*On June. 7, 2017, Asset Management One Co., Ltd. and Asset Management One International Ltd. which is co-owner of shares announced their major shareholdings report to authorities. Even though we received a report of their owing our shares as follows as of May. 31, 2017, because the shares owned by them as of September. 30, 2018 could not be confirmed, that information is excluded from the above list.  
 Name and address : Asset Management One Co., Ltd., 1-8-2, Marunouchi, Chiyoda-ku, Tokyo  
 Number of shares : 5,541 thousands, Ratio to outstanding shares : 4.98%  
 Name and address : Asset Management One International Ltd., Mizuho House, 30 Old Bailey, London, EC4M 7AU, UK  
 Number of shares : 200 thousands, Ratio to outstanding shares : 0.18%  
 \*On November. 21, 2018, Sumitomo Mitsui Trust Asset Management Co., Ltd., and Nikko Asset Management Co., Ltd., which is co-owner of shares announced their major shareholdings report to authorities. Even though we received a report of their owing our shares as follows as of November. 15, 2018, because the shares owned by them as of September. 30, 2018 could not be confirmed, that information is excluded from the above list.  
 Name and address : Sumitomo Mitsui Trust Asset Management Co., Ltd., 3-33-1 Shiba, Minato-ku, Tokyo  
 Number of shares : 4,646 thousands, Ratio to outstanding shares : 4.18%  
 Name and address : Nikko Asset Management Co., Ltd., 9-7-1 Akasaka, Minato-ku, Tokyo  
 Number of shares : 1,200 thousands, Ratio to outstanding shares : 1.08%

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the	From ¥100 billion to less than ¥1 trillion

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**ROHM Co., Ltd.**  
**Corporate Governance**

Previous Fiscal Year	
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

None
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**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

None
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**II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management**

**1. Organizational Composition and Operation**

Organization Form	Company with <i>Kansayaku</i> Board
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**[Directors]**

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	10
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hachiro Kawamoto	From another company											
Koichi Nishioka	From another company											

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

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## ROHM Co., Ltd.

### Corporate Governance

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Hachiro Kawamoto	○	-	His designation is based on his vast knowledge and long involvement in management of an academic institution and how this knowledge and experience could help in reinforcing the management system of the Company. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.
Koichi Nishioka	○	-	His designation is based on his vast knowledge and experience as a longstanding economic and financial journalist and columnist and contribution of his expertise to reinforce the management system of the Company. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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**ROHM Co., Ltd.**  
**Corporate Governance**

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Officer Nomination Council	Director Remuneration Council
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

Supplementary Explanation

The following procedures about appointments/dismissals of the President and Executive directors and for nominating Director and Company Auditor (*kansayaku*) candidates are established.

1. We take into consideration the diversity of the members of the Board of Directors and the Board of Company Auditors in establishing selection criteria for directors and company auditors.
2. The appointments/dismissals of the President and Executive directors are nominated by the Board of Directors on the basis of reports from the Officer Nomination Council.
3. The Company Director candidates are nominated by the Board of Directors on the basis of reports from the Officer Nomination Council.
4. The Company Auditor candidates are nominated by the Board of Directors after agreement by the Board of Company Auditors on the basis of reports from the Officer Nomination Council.

**[Kansayaku]**

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	Not determined
Number of <i>Kansayaku</i>	5

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

Company Auditors, the Internal Audit Department, and Accounting Auditors regularly hold report meetings, consistently maintain close cooperation and coordination, and proactively exchange information and opinions. Sharing information obtained through individual audits enhances the accuracy of audits and allows for constant improvements in operating processes. The contents of audits are reported to ROHM's Internal Audit Division as needed, and opinions are exchanged on matters that require improvements regarding internal control.

The Auditors, Shinya Murao and Haruo Kitamura, are certified public accountants (CPA) that possess considerable knowledge of finance and accounting.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	5
Number of Independent <i>Kansayaku</i>	5

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Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroyuki Nii	From another company													
Yoshiaki Shibata	From another company													
Hidero Chimori	Lawyer													
Shinya Murao	CPA													
Haruo Kitamura	CPA													

\* Categories for "Relationship with the Company"

- \* "○" when the director presently falls or has recently fallen under the category;  
"△" when the director fell under the category in the past
- \* "●" when a close relative of the director presently falls or has recently fallen under the category;  
"▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. *Kansayaku* of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
- k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
- m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroyuki Nii	○	-	Hiroyuki Nii has been designated as Outside Company Auditor because the Company was certain that he would contribute to the Company in terms of management and other affairs by sharing expertise and knowledge based on his excellent experience and knowledge as a long-time administrator at a financial institution and other organizations through auditing. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is

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**ROHM Co., Ltd.**  
**Corporate Governance**

			no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.
Yoshiaki Shibata	○	-	Yoshiaki Shibata has been designated as Outside Company Auditor because the Company was certain that he has been carrying out his duties appropriately by providing opinions regarding corporate management and other affairs from a comprehensive point of view based on his expertise as the full-time Company Auditor of the Company. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.
Hidero Chimori	○	-	Hidero Chimori has been designated as Outside Company Auditor because the Company was certain that he would contribute to the Company in terms of management and other affairs by sharing expertise and knowledge he gained as a lawyer through auditing. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.
Shinya Murao	○	-	Shinya Murao has been designated as Outside Company Auditor because the Company was certain that he would contribute to the Company in terms of management and other affairs by sharing expertise and knowledge he gained as a certified public accountant through auditing. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.
Haruo Kitamura	○	-	Haruo Kitamura has been designated as Outside Company Auditor because the Company was certain that he would contribute to the Company in terms of management and other issues by sharing expertise and knowledge he gained as a public certified accountant through auditing. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an

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**ROHM Co., Ltd.**  
**Corporate Governance**

			independent officer.
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**[Independent Directors/*Kansayaku*]**

Number of Independent Directors/ <i>Kansayaku</i>	7
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Matters relating to Independent Directors/*Kansayaku*

ROHM judges that the independency of the outside officers is secured and appoint all outside officers to an independence officers, because we devise the independency standards of the outside officers in addition to requirements in the company law, and we elect outside officers based on this independency standards, Please refer to "Independence Standards for Outside Officers" in our website for the independency standards of the outside officers.

URL:<https://www.rohm.com/web/global/investor-relations/corporate-governance>

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

To determine remuneration and bonuses for the Directors, ROHM has adopted a performance pay system, in which remuneration and bonuses for the Directors are decided using the consolidated ordinary profit of the relevant fiscal year as the performance indicator, to clarify the management responsibilities of the Directors.

Recipients of Stock Options	None
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Supplementary Explanation

None

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

ROHM discloses amount of remuneration paid to Directors by their Director's classification in Annual securities report.  
Amount of remuneration paid to Directors (excluding Outside Directors) in the fiscal year ended in March 2018: 354 million yen.  
Amount of remuneration paid to Outside Directors and Outside Auditors in the fiscal year ended in March 2018: 82 million yen.  
(Note) 1. The amount of remuneration paid to Directors does not include the amount of employee salaries paid to employee Directors.  
2. The 48th general shareholders' meeting on June 29, 2006 resolved that the maximum amount of annual remuneration for Directors should be within ¥600 million.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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## ROHM Co., Ltd. Corporate Governance

Regarding executive compensation, limits on total remuneration for all Directors and Auditors are established at the General Shareholders Meeting.

Remuneration for each director is determined by the Board of Directors on the basis of the report of the Directors Compensation Committee, and the amount of remuneration for each auditor is determined through deliberations by the Auditors Compensation Committee.

Remuneration for Directors consists of performance-based remuneration that changes according to performance attainment level, which uses the ROHM Group's consolidated ordinary income as an index, and fixed remuneration, which is a fixed amount intended to identify management responsibilities. However, the amount of remuneration for outside directors is fixed, in light of the importance of their adopting an independent stance toward supervisory functions.

Regarding remuneration for Auditors, given the nature of audit business, each Auditor receives only fixed remuneration, with no performance-based compensation.

In addition, our company does not provide stock options to Directors, and has abolished the executive retirement benefits system.

### [Supporting System for Outside Directors and/or *Kansayaku*]

Outside officers hold their meetings on a regular basis to exchange information, views and ideas on business operations or corporate governance.

Outside directors and company auditors may, at any time when they deem it necessary or appropriate, request directors and employees to provide explanations or reports or to submit internal documents, and may also, if they deem it necessary, consult with external specialists at the expense of the Company.

### [Retired presidents/CEOs holding advisory positions (*sodanyaku*, *komon*, etc.)]

Information on retired presidents/CEOs holding advisory positions (*sodanyaku*, *komon*, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Satoshi Sawamura	<i>sodanyaku</i>	External activities (not involved with management practice)	Full, with compensation	2018/6/28	1 year (maximum 2 years)

Number of retired presidents/CEOs holding  
advisory positions (*sodanyaku*, *komon*, etc.)

1

Others

None

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

In order to implement our objectives and policies such as the Company Mission and Management Policy, ROHM consistently pursues the best possible corporate governance, seeking to view things from the perspective of our shareholders and other stakeholders, and realize sustainable growth and medium- to long-term maximization of corporate value. In addition, ROHM has established the ROHM Corporate Governance Policy with the goal of clearly stating our basic stance and policies regarding corporate

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## ROHM Co., Ltd.

### Corporate Governance

governance, in light of the spirit and objectives of the Tokyo Stock Exchange Corporate Governance Code applied to all listed companies started in June 2015 and revised in June 2018.

ROHM believes that an agile and effective management system with emphasis on competitive enhancements in the semiconductor and electronic component industry, where the business environment is undergoing accelerated change, can be established so Directors familiar with ROHM's businesses and technologies have executive power and supervise each other. The Articles of Incorporation limit the number of directors on the Board of Directors to ten in order to encourage sufficient discussion while allowing adequate and swift decision making. Additionally, two outside Directors have been designated to enhance mutual supervision among the Directors. As part of the executive supervision, ROHM maintains the existing auditing system, which is implemented only by outside Company Auditors, based on the idea that internal supervision over the executive branch will function sufficiently by improving and enhancing the system.

With five Company Auditors, ROHM reinforces auditing functions by overseeing all implementations. The Auditors are committed to building a fair management supervision system through legally stipulated audits. The Company Auditors attend important meetings such as the Board of Directors' meetings, and audit the individual divisions of ROHM and its affiliates at home and abroad along with the Internal Audit Department by holding meetings with those in managerial positions, inspecting documents and reports, and others.

Through these audits, ROHM checks whether or not the Directors are performing their duties in compliance with existing laws, whether or not ROHM's internal control is well maintained and operated, whether or not in-house rules are well observed, and whether or not ROHM's assets are secured.

ROHM is under contract with Deloitte Touche Tohmatsu LLC for its accounting audits and internal control audits related to financial reporting and abides by both the Japanese Corporation Law and the Financial Instruments and Exchange Law. ROHM has an established environment where the auditing organization can perform audits from a fair, unbiased position as an independent third party. The following are the names of certified public accountants (CPAs) who audited ROHM's accounts for the fiscal year ended March 31, 2018, the number of consecutive years they have been engaged in auditing ROHM and information on the assistants involved in the audits.

CPAs who audited ROHM (Number of consecutive years they have been engaged in auditing ROHM)

Designated limited liability partners (in charge of performing the audits) of Deloitte Touche Tohmatsu: Yasuhiro Onishi (5 years), Tomoyuki Suzuki (1 year), Hiromi Ueda (1 year)

Major assistants in the audits

10 CPAs and 10 others

### 3. Reasons for Adoption of Current Corporate Governance System

In the semiconductor and electronic component industry, the most effective way of making prompt accurate decisions is to retain a small number of directors who are versed in operations and technologies, and have extensive experience in executive authorities and supervision. Therefore, first and foremost, to maintain such a policy and be audited by outside auditors who represent the frank opinions of outsiders or shareholders, executing policies will be suspended in some cases. For this reason, ROHM has strictly maintained a system in which all company auditors are outside auditors. Consequently, individual systems have mutually interacted in a good manner, and internal control has functioned very effectively. In addition, because of recent changes in the business environment and frequent misconduct within other companies, ROHM started to welcome outside directors in June 2008. Currently, the board directors' meeting is attended by two outside directors. Ever since, discussions within board directors have been active and much more considerate of business status. Thus, ROHM would like to strengthen these policies in the future as well.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

#### Supplementary Explanations

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## ROHM Co., Ltd.

### Corporate Governance

Early Notification of General Shareholder Meeting	ROHM sends out notices of general shareholders meetings up until four weeks prior to the day of the meetings. Also, ROHM posts it in the Tokyo Stock Exchange, electronic voting platform and our website on the day before the shipment day.
Scheduling AGMs Avoiding the Peak Day	None
Allowing Electronic Exercise of Voting Rights	ROHM has enabled its shareholders to exercise their voting rights via the Internet from PCs, smartphones and mobile phones.
Participation in Electronic Voting Platform	ROHM has participated in an Electronic Voting Rights Exercise Platform, and conducted IR and promotion activities on voting rights exercise via a shareholder identification survey. In addition, Rohm posts relevant information on the website.
Providing Convocation Notice in English	ROHM is providing shareholder meeting notifications in English.

## 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	Our disclosure policy has been compiled and posted on our website.
Regular Investor Briefings for Individual Investors	Briefings for individual investors are held appropriately.
Regular Investor Briefings for Analysts and Institutional Investors	Financial results briefings given by the president and each responsible Director are held twice a year to provide domestic securities analysts and corporate investors with information on business results, forecasts and strategies.
Regular Investor Briefings for Overseas Investors	Regular briefings on business trends and strategies are held twice a year in the US, Europe and other areas.
Posting of IR Materials on Website	ROHM has an investor relations section on its website that provides a wealth of information including legally stipulated disclosure documents such as financial reports, voluntary information including materials for financial results briefings, materials for briefings for private investors, annual reports, performance trend charts and long-term financial data, an IR calendar and information on paperwork for shareholders. Japanese: <a href="https://www.rohm.co.jp/web/japan/investor-relations">https://www.rohm.co.jp/web/japan/investor-relations</a> English: <a href="https://www.rohm.com/web/global/investor-relations">https://www.rohm.com/web/global/investor-relations</a>
Establishment of Department and/or Manager in Charge of IR	ROHM has a Public Relations and Investor Relations Div. (Manager: Kohei Nozato) that is responsible for IR activities.
Other	ROHM proactively discloses information to satisfy the needs of investors by accepting interviews by securities analysts and corporate investors and so on.

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Since it was first established, the ROHM Group has promoted the sustainable growth of the Group and the healthy advancement of society by pursuing the Corporate Mission, Management Policy, and other missions and policies so as to build a solid relationship of mutual trust with its stakeholders.

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**ROHM Co., Ltd.**  
**Corporate Governance**

	<p>On the basis of the Corporate Mission, Management Policy, etc., ROHM has formulated the ROHM Group CSR Policy, which defines the Group's approach to sincere execution of business activities with a global perspective, and contributions to the sustainable advancement of society, from a CSR (Corporate Social Responsibility) standpoint. The Group has also established the ROHM Group Business Conduct Guidelines, which are a fundamental code of ethics for sincere implementation of the above-described corporate policies.</p> <p>The ROHM Group's missions and policies such as the Corporate Mission and Management Policy will remain unchanged, but to meet the expectations of our stakeholders, the ROHM Group CSR Policy and ROHM Group Business Conduct Guidelines continue to evolve in line with changing social conditions and the most recent international standards such as the United Nations Global Compact (UNGC), ISO 26000, and the RBA (Responsible Business Alliance) Code of Conduct.</p> <p>ROHM Group Business Conduct Guidelines:  <a href="https://www.rohm.com/company/about-rohm/rohm-group-business-conduct-guidelines">https://www.rohm.com/company/about-rohm/rohm-group-business-conduct-guidelines</a>  ROHM Group CSR Policy:  <a href="https://www.rohm.com/csr1/">https://www.rohm.com/csr1/</a></p>
Implementation of Environmental Activities, CSR Activities etc.	<p>The ROHM Group will continue implementing a wide range of environmental conservation activities based on our Environmental Policy. Information on ROHM's environmental initiatives:  <a href="http://www.rohm.com/company/environment">http://www.rohm.com/company/environment</a></p> <p>The ROHM Group is pursuing initiatives oriented toward seven core subjects, defined in 2011 on the basis of the ISO 26000 standards, so as to verify the validity of our business activities from a CSR standpoint. In addition, we create opportunities for dialogue with stakeholders worldwide, and consider all of the opinions, requests, areas of interest, and issues of concern that arise in the course of this dialogue. The ROHM Group has designated six CSR Priority Issues. We report our efforts on these issues on the CSR website.</p> <p>Information on ROHM's CSR initiatives:  <a href="https://www.rohm.com/csr1/">https://www.rohm.com/csr1/</a></p>
Development of Policies on Information Provision to Stakeholders	<p>ROHM's policies on information disclosure to stakeholders are outlined in in-house rules on information disclosure including the requirements for fairness and legal compliance.</p> <p>We provide information in an appropriate and timely manner, guided by an Information Disclosure Committee under the auspices of the CSR Committee.</p>
Other	<p>ROHM is making concerted efforts to establish and maintain programs through which employees can continue working after major life events such as marriage, pregnancy, child-rearing, and providing nursing care to family members. These include a shortened-hours work schedule, available until children reach the six grade of elementary school, and paid leave for a portion of the child-care leave period. We have also introduced a program enabling earlier or later start and finish times, so as to offer greater flexibility in working hours to accommodate child-care and nursing care obligations. In addition, in fiscal 2012 we introduced a program offering leave or a sabbatical for volunteer work, in light of increased recognition of the importance of volunteer work following the Great East Japan</p>

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## **IV. Matters Related to the Internal Control System**

### **1. Basic Views on Internal Control System and the Progress of System Development**

Regarding the reinforcement of the internal control system as one of the major corporate missions, ROHM Group intends to carry out its corporate social responsibilities by maintaining compliance of the operational processes of the entire Group. The Board of Directors of the Company has resolved the basic policies to build the internal control system and the improvement of the system, as listed below:

(1) The system to ensure the compliance of the execution of duties of the Directors under applicable laws as well as the Articles of Incorporation

a. In order to promote further progress of globalization, ROHM Group sustain not only laws but also the 10 principles of the United Nations Global Compact for a wide range of problems in the areas of human rights, labor, the environment, anti-corruption, etc, and contribute to the solution of these social issues(SDGs) by ROHM's product and technology. Also, we promote the CSR management complying with "ISO26000," the international standards for social responsibility and "Responsible Business Alliance (RBA) Code of Conduct".

b. Directors should perform their duties based on the in-house regulations such as "ROHM Group Business Conduct Guidelines" and the Basic Rules of the Board of Directors and ensure the compliance with all applicable laws and regulations as well as the Articles of Incorporation

c. The Director or Directors who are highly informed in a specific field should be responsible for the duties related to such field, while all Directors should hold discussions and monitor each other on a daily basis concerning the respective individual fields.

d. Should a Director be found having committed an illegal act by another Director or a Company Auditor, it should be promptly reported to the Board of Directors and the Board of Company Auditors.

e. In addition to two Outside Directors, five Outside Company Auditors should regularly hold the meeting to exchange information and opinions with each other and constantly check that Directors perform their duties in compliance with all applicable laws and regulations as well as the Articles of Incorporation.

f. The Compliance Hotline (the internal hotline system (including the case where the hotline system independent from the management is set up at an outside law firm) and hotline system for suppliers) should be deployed to the entire ROHM Group including overseas entities to discover any illegal conduct of a Director and to prevent recurrence thereof.

(2) System to save and control information related to Directors' performance of duties

a. Decisions regarding Directors' performance of their duties, such as the minutes of general shareholders meetings, the minutes of the meetings of the Board of Directors, executive proposals, business plans for individual fiscal years, etc., should be saved in writing. The documents should be saved and controlled in compliance with all applicable laws and regulations as well as all in-house regulations.

b. The directions and notices provided to Group companies or in-house divisions concerned shall be issued via email or in writing as a rule. The directions and notices shall be saved so as to be inspected at any time by Directors and Company Auditors.

c. Information related to Directors' performance of duties should be kept and controlled duly by relevant sections or divisions concerned, and the leak and unjust use of such information must be prevented by giving internal notice and information security training to all employees to ensure that they are fully aware of and comply with such rule.

(3) Rules and other systems to control the risk of loss

a. Under the CSR Committee chaired by the President himself, Committees of Quality, Corporate Safety and Health, Risk Management/BCM, Compliance, Information Disclosure, Environmental Conservation, etc. should be established as company-wide cross-sectional committees. These committees will appropriately respond to various management issues and risks in each responsible area by taking necessary measures, giving directions and solving problems.

b. The Risk Management/BCM Committee should be organized to identify, analyze and control major risks

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**ROHM Co., Ltd.**  
**Corporate Governance**

that may occur in the course of the performance of business operations. In order to avoid or minimize the effect of unforeseeable circumstances such as sudden natural disasters as much as possible and enable the survival of our business as a consequence, the Risk Management/BCM Committee will verify the activities of each section in charge of risk management, establish a business continuity plan and take any and all possible preliminary measures or preparations across ROHM Group.

(4) System to ensure that Directors perform their duties efficiently

- a. The Board of Directors should consist of a small number of Directors authorized to execute business operations to realize prompt executive decision-making.
- b. The Board of Directors should have Directors who are highly experienced in different fields. The Board should divide duties to the Director in charge of that certain field and have him/her perform the specific duties of that field.
- c. Issues that may have a considerable influence on corporate management should be examined, analyzed and reported by in-house project teams established separately for individual issues. Upon completion of such examination, prompt decisions should be made by way of a meeting of Board of Directors or executive proposals, as appropriate, based on the Articles of Incorporation and in-house regulations.
- d. The in-house written standards of in-house control procedures regarding various managerial issues such as risk control and information control should be strictly observed.
- e. To increase the competitiveness of ROHM Group and to ensure a fair amount of profits, business performance targets should be established as part of annual profit-raising projects for the entire ROHM Group and individual divisions, and progress and achievement status of such projects and targets should be controlled.

(5) System to ensure that employees perform their duties in compliance with all applicable laws and regulations as well as the Articles of Incorporation

- a. The Compliance Committee should be organized and across-the-group compliance actions should be taken by implementing the “ROHM Group Business Conduct Guidelines”. A compliance system of the Group companies should be created based on the system of our company, and a leader for each division should be nominated as a leader to raise the awareness of the importance of compliance and to ensure the ongoing compliance of each division.
- b. To cope with proprietary laws and regulations in a proper manner, not only the CSR Committee but also the Corporate Safety and Health Committee, Compliance Committee, Information Disclosure Committee, and Environmental Conservation Committee, should be committed to such actions as checking the status of compliance for the entire Group and performing ongoing educational activities.
- c. Under the control of the Information Disclosure Committee, individual sections and divisions should properly control insider information and educate employees in the interest of and raising awareness of the importance of strict information handling, to prevent insider trading.
- d. The Compliance Hotline (the internal hotline system (including the case where the hotline system independent from the management is set up at an outside law firm) and hotline system for suppliers) should be deployed to the entire ROHM Group including overseas entities, to uncover any illegal conduct of an employee and to prevent any recurrence thereof.

(6) System to ensure compliance of the Group’s corporate operations

- a. ROHM Group shares the corporate mission and policy, which are the basis of the founding spirit of the Company, and carries out the business activities with the concerted efforts as the Group in order to enhance the corporate values of the entire Group.
- b. Each Committee under the Company’s CSR Committee should supervise and control Group companies comprehensively to ensure proper execution of duties in each responsible area.
- c. Written standards applicable to the entire ROHM Group should be established and implemented.
- d. The compliant business operations of Group companies should be monitored by appointing employees of the Company or another Group company to Group companies’ Board of Directors or Company Auditors.
- e. A system should be operated that requires the Board of Directors’ resolution or an executive decision at the Company to settle critical issues at the Group companies level and periodical reports to the Company’s relevant divisions from Group companies should be made, thus enabling to control Group companies.
- f. An internal control system that includes the Company and significant Group companies should be established and reinforced through a framework that ensures financial reporting compliance and through

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**ROHM Co., Ltd.**  
**Corporate Governance**

efforts to conform to the auditing system.

g. The Company's internal auditing division under the direct control of the President should perform internal audits to check each Group company's situations of execution of duties, compliance with all applicable laws and regulations as well as in-house regulations, risk management, etc.

(7) Employees hired upon the request of a Company Auditor to assist the Company Auditor's duties, independence of the employees from Directors and to ensure effectiveness of the Company Auditor's instruction to such employees

a. The Company should, upon Company Auditor's request, appoint staff employees with proper capabilities.

b. The staff of Company Auditors should be independent of duties related to the execution of corporate business. In the employment, transfer and evaluation of performance of Company Auditors' staff, opinions from the Board of Company Auditors shall be respected.

(8) System for Directors and employees of the Company and its subsidiaries to report to Company Auditors, other systems for reporting to Company Auditors and system for employees not to be treated disadvantageously by the reason of such reports

a. Should each Director be found to have committed an illegal conduct in the performance of Directors' duties, any neglect in the obligation of being duly conscious as good Directors, or any fact that may damage the Company considerably, etc. by another Director, it should be promptly reported to the Board of Company Auditors.

b. The meetings of committees, not only the CSR Committee but also the Risk Management/BCM Committee, Compliance Committee, and Information Disclosure Committee should be attended by full-time Company Auditors as observers, and individual committees should make periodical reports on their activities to the Company Auditors by submitting meeting minutes or by other appropriate means.

c. A system should be retained whereby the status and results of business operations can be properly reported to Company Auditors through executive proposals and reports.

d. Directors and employees of the Company and Group companies should promptly make a necessary report if they are asked by Company Auditors to make a report of their business operations.

e. A section in charge of the Compliance Hotline should make periodical reports on situations and results thereof to Company Auditors.

f. Employees that have reported to Company Auditors shall not disadvantageously treated by the reason of such reports according to applicable laws and regulations as well as in-house regulations.

(9) Other systems to ensure that the audits by Company Auditors are performed effectively

a. Concerning the status of the operation of the internal control system, Directors should report to the Board of Company Auditors where requested.

b. The internal audit division should strengthen the collaboration with the Company Auditors and report the results of audit periodically.

c. All Company Auditors should be Outside Company Auditors. The Board of Company Auditors should be a strongly independent group consisting of diversified experts, including legal specialists, accounting specialists, and those who used to work for financial institutions.

d. Company Auditors should exchange opinions with Directors whenever necessary.

e. The expenses that Company Auditors deem to be necessary when they perform their duties should be borne by the Company.

ROHM Group is striving to build the internal control system and properly operate it based on the aforementioned basic policies. The outline of the status of the operation of the internal control system during the fiscal year ended March 31, 2016 is as follows:

(1) Compliance system

a. ROHM Group not only makes all Directors and employees fully aware of the "ROHM Group Business Conduct Guidelines" as their codes of conduct to comply with when they practice the mission and policy such as "Company Mission" and "Management Policy" but also thoroughly ensures that they act according to such Guidelines.

b. ROHM Group regularly holds the Compliance Committee in order to formulate a plan to reinforce the compliance system, implement education by rank and by role in accordance with the plan, send the message from the top concerning the compliance with the "ROHM Group Business Conduct Guidelines," etc.

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## ROHM Co., Ltd.

### Corporate Governance

c. ROHM Group operates the internal hotline system to prevent compliance violations, discover violations early, and take appropriate measures. ROHM Group also regularly reports the status of the operation to the Board of Directors and Company Auditors.

#### (2) Risk management system

ROHM Group holds the Risk Management/BCM Committee as needed to identify, analyze and control major risks that may occur in the course of the performance of business operations. Also, in order to avoid or minimize the effect of unforeseeable circumstances such as sudden natural disasters as much as possible and enable the survival of our business as a consequence, the Risk Management/BCM Committee verifies the activities of each section in charge of risk management, establishes a business continuity plan (BCP) and takes any and all possible preliminary measures or preparations across ROHM Group.

#### (3) Subsidiary management system

a. ROHM Group manages Group companies by operating the system that requires the approval of the Company's Board of Directors and final decision on executive proposals regarding important projects in Group companies, and also by receiving the report from each division of the Company about situations of execution of duties regularly.

b. Based on an annual plan, the Company's internal auditing division under the direct control of the President performs internal audits to check each Group company's situations of execution of duties, compliance with all applicable laws and regulations as well as in-house regulations, risk management, etc., and confirms the compliance of business. Also, the results of audits are periodically reported to Directors and Company Auditors.

#### (4) Directors' performance of duties

a. The regular Board of Directors is held according to the annual plan and the extraordinary Board of Directors is held where necessary to resolve matters stipulated in laws and regulations or Articles of Incorporation as well as matters which are important for management and to mutually supervise the performance of Directors' duties.

b. The Directors execute their duties efficiently and flexibly by making matters to be delegated to each Director clear in the Board of Directors and the in-house regulations.

c. Information related to Directors' performance of duties is properly kept and controlled duly according to the in-house regulations, and the leak and unjust use of such information are prevented.

#### (5) Company Auditors' performance of duties

a. Company Auditors attend not only the Board of Directors but also other important meetings such as the CSR Committee to offer opinions as needed.

b. Company Auditors visit each division of the Company and Group companies for auditing and confirm the legality and compliance of business operations.

c. Company Auditors regularly exchange information and opinions with Directors, accounting auditors and internal auditing divisions to improve effectiveness of auditing.

## 2. Basic Views on Eliminating Anti-Social Forces

As one of the most important policies, ROHM strictly prohibits its association with antisocial forces such as organized crimes, corporate extortionists, antisocial political groups, gang-related companies, and antisocial activist groups and individuals.

As a corporate effort to eradicate antisocial groups, a Risk Management Office should be established in the Department of General Affairs. The Office should cooperate and exchange information with external specialist organizations such as the police department, promote specific actions and perform them thoroughly, to eradicate antisocial groups. In-house regulations should be established to eradicate antisocial groups and should be strictly observed. All ROHM Group employees should be informed by way of the "ROHM Group Business Conduct Guidelines", as distributed to all employees, or by other means, that they must take a firm stand against antisocial groups. Further, the necessity of taking a firm stand against antisocial groups are communicated to all employees through various in-house training sessions.

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## **V. Other**

### **1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
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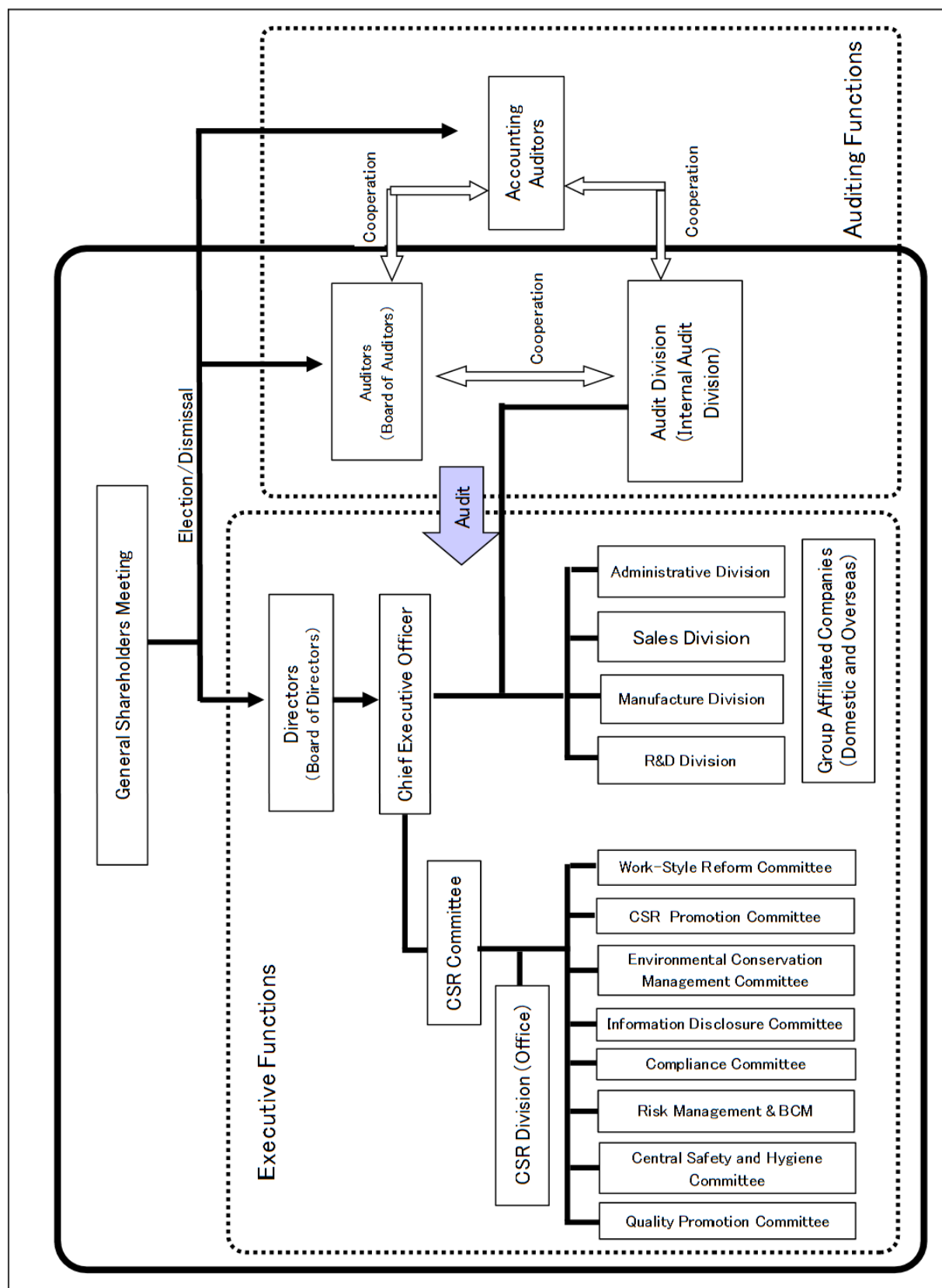
#### **Supplementary Explanation**

The ROHM Group believes the best defense against takeover attempts is to build a relationship of trust with shareholders by delivering higher stock prices via enhanced corporate value, accountability via proactive IR activities, and regular dialog with shareholders. If a proposal for acquisition is made to our company, we believe that the final decision of whether to accept or reject the offer should be left to the current shareholders at the time, and that the Board of Directors should not make selfish decisions intended to protect their own personal interests. In addition, in the event of an acquisition proposal, we believe that it is indispensable for ensuring and increasing ROHM's corporate value and the common interests of shareholders that shareholders can make an "informed judgment," meaning they would be able to make the best decision based on ample information and a sufficient amount of time.

### **2. Other Matters Concerning to Corporate Governance System**

- (1)The corporate governance system of ROHM is shown as "Corporate Governance Figures" in Attachment No.1.  
(2)The current state of ROHM's internal system on the timely disclosure of corporate information is shown as "Summary of internal system for timely disclosure (Attachment to written oath pertaining to timely disclosure)" in Attachment No.2.

Attachment No.1 : Corporate Governance Figures



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**ROHM Co., Ltd.**  
**Corporate Governance**

Attachment No.2

Summary of internal system for timely disclosure  
(Attachment to written oath pertaining to timely disclosure)

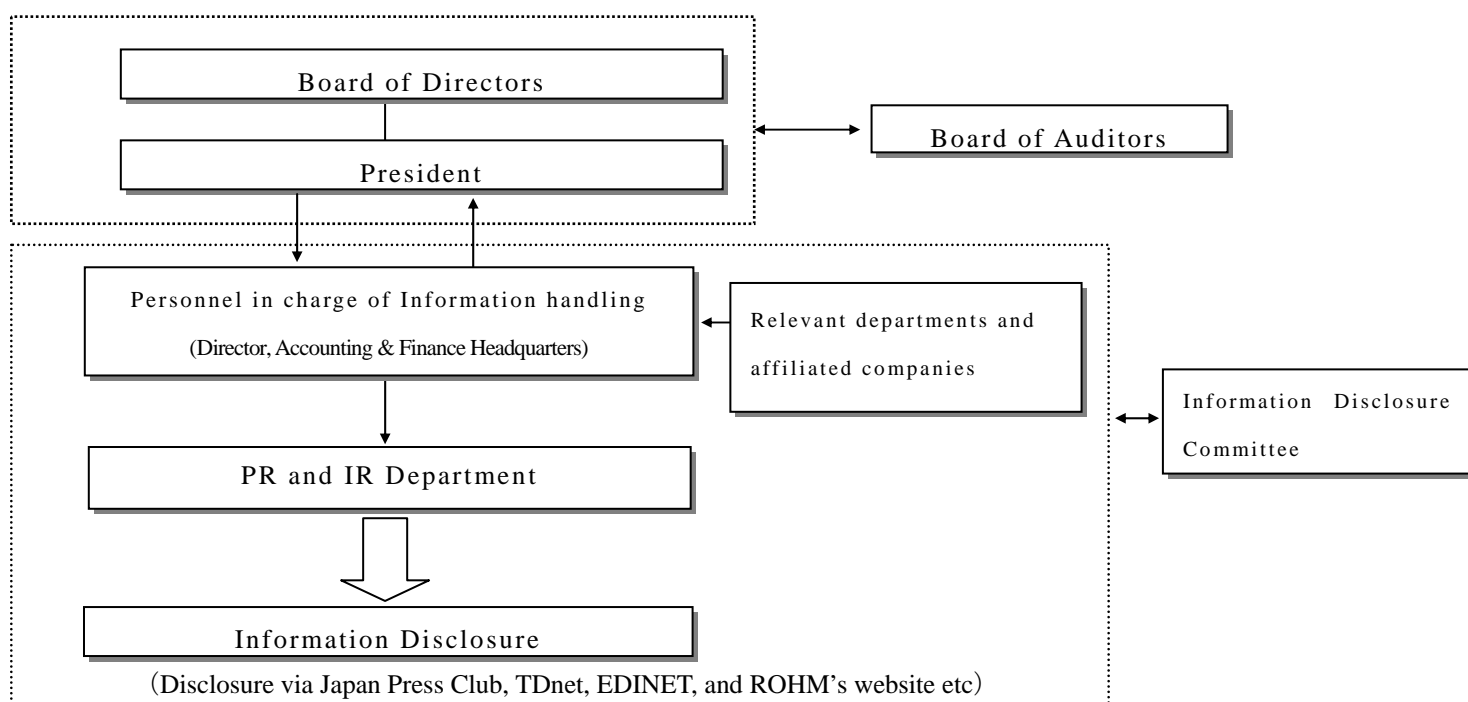
Company name: ROHM Co, Ltd.

(Security Code : 6963 ,First Section, Tokyo Stock Exchange)

The current state of ROHM Co., Ltd.'s internal system on the timely disclosure of corporate information is as follows.

ROHM Co., Ltd. appropriately manages and discloses information in a timely manner by instructing internal departments and affiliated companies to ensure thorough information management, and by making efforts to educate and enlighten employees through the dissemination of employee conduct standards and the implementation of in-house training based on company regulations (including rules concerning the prevention of insider trading, rules on information disclosure procedures, and rules on the control of classified information, etc.) .

Information in regards to significant decisions and important emerging facts is judged by personnel in charge of information handling as to whether the said information is relevant to items stipulated in the rules on timely disclosure or not. And if it is such, the director promptly takes the necessary steps to ensure the timely disclosure through the Public Relation and Investor Relations Division, and posts disclosed information on ROHM's website, bearing in mind to make the utmost efforts to publicize information as best we can.



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