



June 26, 2024

To whom it may concern

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Notice of Establishment of Policy on Shareholdings of Directors and Partial Revision of Directors' Remuneration System

ROHM Co., Ltd. (the "Company") hereby announces that its Board of Directors, as of today (June 26, 2024) has resolved to establish a policy on the shareholding of directors and partially revise the directors' remuneration system (the "Revision") as follows:

1. Purpose of the Revision

The Company stipulates, in its "Policy on Determining the Remuneration of each Director", as the basic policy to the effect that "*the remuneration of Directors will fully function as a sound incentive for sustainable corporate growth and enhancement of corporate value over the medium to long term, in order to appreciate value sharing with shareholders. In principle, the remuneration of each Director shall be determined at a level appropriate for his/her responsibilities.*" Accordingly, in order to increase corporate value while striving to become a Global Major, and with the aim of providing further incentives and deepening the value sharing with shareholders, the Company will review its policies and systems concerning stock-based remuneration for directors excluding those who are members of the Audit & Supervisory Committee and outside directors (collectively, the "Executive Directors").

2. Policy on Shareholdings of Directors

From the perspective of further increasing the willingness to contribute to sustainable improvement in corporate value and strengthening the value sharing with shareholders and other stakeholders, the Company will add the provisions below to encourage the Executive Directors to hold shares of the Company as follows:

■ For Representative Director and President

To hold a number of shares equivalent to 3.0 times the monetary remuneration (fixed) by the date (June 27, 2026) on which two years have passed from the establishment of this item or by the date on which five years have passed since assuming office for the relevant position, whichever is later.

■ For Other Executive Directors

To hold a number of shares equivalent to 1.0 times the monetary remuneration (fixed) by the date (June 27, 2026) on which two years have passed from the establishment of this item or by the date on which five years have passed since assuming office for the relevant position, whichever is later.

3. Partial Revision of Directors' Remuneration System

At the 62nd annual general meeting of shareholders held on June 26, 2020, the Company introduced the restricted stock-based remuneration (the "RS") so that it could provide long-term incentives to the Executive Directors and the value sharing with shareholders. In order to increase the ratio of stock-based remuneration under the existing remuneration system and further promote the value sharing with shareholders, the Company will change the remuneration ratios for the Executive Directors by type (the "Remuneration Ratio") in the tables shown below.

For the sake of clarity, if the performance objectives linked to the Company's short-term business performance indicators and the Medium-term Management Plan are achieved 100%, as a guideline, the Remuneration Ratio for the Executive Directors (per year) is roughly as in the tables below. Of the non-monetary remuneration, although a performance-linked, restricted stock-based remuneration (the "PSRSU") options are granted in lump sum at a certain time after the end of the Medium-term Management Plan period, as a guideline, the ratio between monetary remuneration and non-monetary remuneration is calculated based on the assumption that the PSRSU options are equally divided for each fiscal year during the Medium-term Management Plan period.

[Previous Remuneration Ratio]

■ For Representative Director and President

Monetary Remuneration	7	Fixed Remuneration	2
		Performance-linked Remuneration	1
Non-monetary Remuneration	3	Fixed Remuneration (RS)	1
		Performance-linked Remuneration (PSRSU)	3

■ For Other Executive Directors

Monetary Remuneration	4	Fixed Remuneration	2
		Performance-linked Remuneration	1
Non-monetary Remuneration	1	Fixed Remuneration (RS)	1
		Performance-linked Remuneration (PSRSU)	1

[Revised Remuneration Ratio]

■ For Representative Director and President

Monetary Remuneration	3	Fixed Remuneration	5
		Performance-linked Remuneration	3
Non-monetary Remuneration	2	Fixed Remuneration (RS)	2
		Performance-linked Remuneration (PSRSU)	3

■ For Director and Senior Managing Executive Officer/ Director and Managing Executive Officer

Monetary Remuneration	7	Fixed Remuneration	5
		Performance-linked Remuneration	3
Non-monetary Remuneration	3	Fixed Remuneration (RS)	2
		Performance-linked Remuneration (PSRSU)	1

■ For Other Executive Directors

Monetary Remuneration	4	Fixed Remuneration	2
		Performance-linked Remuneration	1
Non-monetary Remuneration	1	Fixed Remuneration (RS)	1
		Performance-linked Remuneration (PSRSU)	1

4. Details of the Revision

Please refer to the Exhibit “Policy on Determining the Remuneration of each Director.”

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

Policy on Determining the Remuneration of each Director

1. The basic policy

The Company's remuneration system for Directors shall be designed so that the management responsibilities of Directors will be clarified and that the remuneration, etc. of Directors will fully function as a sound incentive for sustainable corporate growth and enhancement of corporate value over the medium to long term, in order to ensure appropriate value sharing with shareholders. In principle, the remuneration, etc. of each Director shall be determined at a level appropriate for his/her responsibilities.

Specifically, the remuneration, etc. of an Executive Director shall consist of fixed remuneration and performance-based remuneration (both monetary remuneration), as well as of non-monetary remuneration in the form of stock-based remuneration.

Meanwhile, the remuneration, etc. of an Independent Outside Director and a Non-executive Director shall consist only of fixed remuneration as they perform an oversight function independently from the execution of the Company's operations.

We establish the Director Remuneration Council, a majority of the member shall be independent Outside Directors, as an advisory body to the Board of Directors, and discusses a system of Director remuneration and each Director's Remunerations based on this system in order to raise independency and objectivity and transparency of the Remunerations of Directors.

2. Policy for determining the amount of fixed remuneration (including the timing for payment of Remunerations)

The amount of fixed remuneration for the Company's Directors shall be determined according to the positions and responsibilities of the Directors by comprehensively taking into consideration all relevant factors, including the remuneration levels of peer companies. The fixed remuneration shall be paid in cash monthly.

3. Policy for determining the content and amounts of performance-linked remuneration (including the timing for payment of Remunerations)

Performance-linked remuneration, which is a monetary remuneration that reflects the Company's achievement of performance indicators, is designed to serve as an incentive for Directors to further increase awareness about their contribution to improvements in the Company's business performance for each fiscal year. The amount of performance-linked remuneration shall be calculated according to the level of achievement of the Company's consolidated net sales and operating income targets for the immediately preceding fiscal year and shall be paid in cash at a certain time each fiscal year.

Attached File

4. Policy for determining the content and amounts of non-monetary remuneration (including the timing for payment of Remunerations)

Non-monetary remuneration, which shall be positioned as an incentive over a medium- to long-term, shall be provided in the form of restricted stock-based remuneration to further promote value sharing with shareholders. Restricted stock-based remuneration shall consist of a fixed, prearranged delivery type restricted stock-based remuneration (hereinafter called “RS” : Restricted Stock) and a performance-based, ex-post delivery type restricted stock-based remuneration (hereinafter called “PSRSU” : Performance Share Restricted Stock Unit).

Based on the resolution of the Company’s Board of Directors, Executive Directors shall make in-kind contribution of all monetary remuneration receivables that are to be granted for restricted stock-based remuneration and shall, in return, receive the number of shares of the Company’s common stock that will be issued or disposed of by the Company. RS options shall be granted at a certain time each fiscal year, while the number of PSRSU options shall be calculated according to the level of achievement of the Company’s performance objectives linked to the Medium-term Management Plan and then they shall be granted at a certain time after the end of the Medium-term Management Plan period.

5. Policy for determining the remuneration ratio by type of Remunerations for each Director

Based on the levels of remuneration identified by benchmarking peer companies of comparable business size to the Company in related industries and business categories, the Director Remuneration Council shall consider the remuneration ratio by type of Remunerations.

If the Company’s short-term financial performance indicators and performance objectives linked to the Medium-term Management Plan are achieved 100%, as a guideline, the ratio of remuneration, etc. by type for Executive Directors (per year) is roughly as follows * :

■ For Representative Director and President

Monetary Remuneration	3	Fixed Remuneration	5
		Performance-linked Remuneration	3
Non-monetary Remuneration	2	Fixed Remuneration (RS)	2
		Performance-linked Remuneration (PSRSU)	3

Attached File

- For Directors and Senior Managing Executive Officer / Director and Managing Executive Officer

Monetary Remuneration	7	Fixed Remuneration	5
		Performance-linked Remuneration	3
Non-monetary Remuneration	3	Fixed Remuneration (RS)	2
		Performance-linked Remuneration (PSRSU)	1

- For Other Executive Directors

Monetary Remuneration	4	Fixed Remuneration	2
		Performance-linked Remuneration	1
Non-monetary Remuneration	1	Fixed Remuneration (RS)	1
		Performance-linked Remuneration (PSRSU)	1

* Of the non-monetary remuneration, although PSRSU options are granted in lump sum at a certain time after the end of the Medium-term Management Plan period, as a guideline, the ratio between monetary remuneration and non-monetary remuneration is calculated based on the assumption that the PSRSU options are equally divided for each fiscal year during the Medium-term Management Plan period.

6. Policy for determining the content of Remunerations for each Director

With regard to the Remunerations of the Directors, based on the Director Remuneration Council's recommendations, the Company's Board of Directors shall adopt, by resolution, the Director Remuneration Rules which specify the director remuneration system, remuneration ratio by type and calculation methods, among other things.

The Board of Directors shall respect the Director Remuneration Council's reports and shall determine the Remunerations of each Director in accordance with the Director Remuneration Rules.

7. Policy on shareholdings of Directors

The Company encourages Executive Directors to hold shares of the Company as follows, from the perspective of further increasing the willingness to contribute to sustainable improvement in corporate value and strengthening value sharing with shareholders and other stakeholders.

Attached File

■ For Representative Director and President

To hold a number of shares equivalent to 3.0 times the monetary remuneration (fixed) by the date (June 27, 2026) on which two years have passed from the establishment of this item or by the date on which five years have passed since assuming office for the relevant position, whichever is later.

■ For Other Executive Directors

To hold a number of shares equivalent to 1.0 times the monetary remuneration (fixed) by the date (June 27, 2026) on which two years have passed from the establishment of this item or by the date on which five years have passed since assuming office for the relevant position, whichever is later.

Supplementary Provisions

Enacted on March 12, 2021

Revised on June 24, 2022

Revised on June 26, 2024