3. Management Policies

3.1 Management Policies

The Renesas Electronics Group sets up the following corporate philosophy, which expresses the Group’s identity and mission, and corporate vision that shows the Group’s target direction. Under these philosophy and vision, the Group is aiming to increase its business value and shareholders value as the world’s leading semiconductor company.

[Corporate Philosophy]
Harnessing its collective expertise in new technologies, the Renesas Electronics Group contributes to a world where people and the planet prosper in harmony by realizing our vision and building our future.

[Corporate Vision]
Renesas Electronics Group will be first to respond to customer needs worldwide with our creative power and technology innovations to become a strong, growing semiconductor manufacturer and a trustworthy partner.

3.2 Management Targets

As announced in the Group’s presentation, “Reforming Renesas” issued on October 30, 2013, with an aim of realizing a company that generates consistent revenue, the Renesas Group has developed a reform plan, consisting of three components: 1) “Reform businesses to better utilize market intelligence during product development,” 2) “Reform into a profit-oriented organization,” and 3) Reform to a global management and organizational structures.” To achieve these reform plans, the Group will exert its utmost efforts into tackling the target described in “3.3 Mid-Term Corporate Strategies and Issues to Address” in the fiscal year ending March 31, 2016.

3.3 Mid-Term Corporate Strategies and Issues to Address

As indicated in the “1. Business Results, 1.1 Analysis of Business Results” section, the operating income improved in the fiscal year ended March 31, 2015 from the previous year. Nevertheless, in order to deal flexibly with changes in the business climate and achieve stable business operation, the Renesas Group must boost profitability still further.

Based on the reform plan which was announced on October 30, 2014, Renesas Group has been working toward “improved profit ratio through restructuring” alongside “further growth in profits through business selection and concentration” aimed at stable corporate growth, and the Group intends to continue to address these tasks.

3.3.1 Improved Profit Ratio through Restructuring

Based on the reform plan, the Renesas Group has been moving forward with reforms characterized by a thorough emphasis on profitability and implementation of autonomous management.

As part of these measures, for its manufacturing structure, the Group is carrying out restructuring of the manufacturing system in accordance with its basic policies of (1) boosting production efficiency, (2) building a
flexible production system to respond to rapid market changes, and (3) maintaining and continuing in-house plants with advanced technologies and cost competitiveness. During the year ended March 31, 2015, the Group had worked on various manufacturing-related structural reforms, including realignment and consolidation of front-end and back-end line production businesses that had been dispersed across Japan. Moving forward the Group will continue to steadily implement steps such as optimization of manufacturing lines and improving production efficiency through increased turnover rates.

As for its design and development structure, the Group has been working on realignment and consolidation of its design and development businesses in Japan and intends to continue to promote a realignment of its design sites aimed at increasing work efficiency and accelerated decision-making through standardization and common application of design work processes to match its key focus domains.

As the Group goes about implementing these restructuring measures, it has been proceeding with efforts to hire and train personnel who will contribute to the realization of our corporate philosophy and vision, and to revise the personnel system, such as personnel treatment, from the standpoint of employee development and organizational invigoration. During the year ended March 31, 2015, the Group had been engaged in the revision of the personnel treatment system mainly for Japan, and moving forward, it is aiming to extend this into the global systems. Additionally, to thoroughly promote the results-oriented thinking in synchronization with the consolidated financial performance, the Group will work toward full-scale operation of the KPI system, which has been implemented during the fiscal year ended March 31, 2015, to reflect the status of the KPI achievement into the financial performance, by extending it globally within the Group.

By carrying out these restructuring measures, the Group aims to boost production and design and development efficiency while speeding up decision-making, and thereby to realize improved profitability.

3.3.2 Further Growth in Profits through Business Selection and Concentration

The Renesas Group places its focus on five application fields where the Group possesses unique strengths and can compete most effectively: “Automotive control”, “Automotive information”, “Industrial and home appliances”, “OA and ICT”, and “General-purpose products”. The Group will accelerate selection and concentration of products and business domains aimed at the realization of steady growth in profits, and in this way the Group will improve its product mix and strengthen the competitiveness of its products. During the year ended March 31, 2015, the Group has been promoting withdrawal from non-core businesses such as the small- and medium-sized display driver IC businesses by transferring the shares in Renesas SP Drivers, Inc., and moving forward the Group will select businesses that will form the foundations for future growth, focusing on applications where the Group can display its unique strengths, and by concentrating management resources on these key businesses, the Group will improve its product mix.

By boosting added value through strengthening of the ability to deliver solutions for its focus domains, and improving product mix through business selection and concentration, the Renesas Group will achieve further growth in profits.
3.4 Primary policy for selection of accounting standards

The consolidated financial statements of Renesas Electronics Group are prepared in accordance with accounting principles generally accepted in Japan (JGAAP). In connection with adopting International Financial Reporting Standards (IFRS), considering that the Group drives its business globally further, the Group researches and studies the possible effects of adopting the IFRS on the group as well as an appropriate accounting period the Group adopt IFRS.