

Corporate Governance Report

Last Update: July 4, 2023

JSR Corporation.

Representative Director, CEO and President

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https://www.jsr.co.jp/jsr_e/

The corporate governance of JSR Corporation (the “Company”) is described below.

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

1. Basic Views Updated

It is the JSR Group's goal to make steady progress in realizing its corporate mission (Materials Innovation: We create value through materials to enrich society, people and the environment). This shall be done through efficient and transparent business management, by sustaining sounds and healthy business practices. The Group will also continuously strive to create new corporate value with the hope of becoming an attractive corporation that can earn the trust of and satisfy the interests of all our stakeholders.

As a company with audit & supervisory board, the Company principally monitors and oversees the execution of duties by directors and the management through its Board of Directors and audit & supervisory board members. The Company continuously has strengthened the function of management supervision, improved efficiency in decision making and business duties execution, and enhanced the transparency and soundness of its business management to raise corporate value over the medium to long-term. To that end, it has implemented measures, such as introduction of an officer system, appointment of outside directors and audit & supervisory board members who are independent from the Company and have extensive business experience and expertise, establishment of the Remuneration Advisory Committee and the Nomination Advisory Committee each of which majority members are independent outside directors and the chair of which is an independent outside director respectively, and the introduction of three types of performance-based remuneration for directors other than outside directors covering short, medium and long term.

The Company has three (3) audit & supervisory board members, of which two (2) are independent outside audit & supervisory board members with extensive experience and expertise (currently one is a lawyer and the other is a certified public accountant) and thereby has strengthened their functions in monitoring and overseeing management. Additionally, the Company has strived to ensure and improve the effectiveness of internal control by systematically conducting internal audits through an organization (“Corporate Audit Department”) specialized in internal audit which is independent from business divisions and reporting directly to the CEO (Chief Executive Officer) and President, by strengthening collaboration between the Corporate Audit Department and audit & supervisory board members and by instituting a reporting system whereby important issues are reported by directors and employees to the audit & supervisory board members when deemed necessary.

The Company will continue focusing on the enhancement of corporate governance as an important management challenge.

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

The Company has complied with all of the Principles of the Corporate Governance Code

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

All principles are based on the Corporate Governance Code as revised in June 2021.

[Principle 1-4] Cross-shareholdings

(1) Policies for holding listed shares as cross-shareholdings

- 1) The Company holds listed shares as cross-shareholdings* only after comprehensively reviewing the rationality of holding such shares in the light of business management strategies and economics of such shareholdings while it has been reducing cross-shareholdings when holding such shares has become irrational.
- 2) The Board of Directors periodically reviews the status and the policies for holding individual cross-shareholdings by taking such factors into consideration as the purpose of holding, potential risk and expected return, and cost of capital required for holding such individual shares.

Number of issues of cross holding shares of listed companies held by the Company and number of issues of which shares increased or decreased during the fiscal year are as follows;

	FY ending Mar 2022	FY ending Mar 2023
Total number of issues	10	9
Number of issues of which shares increased during the fiscal year	0	0
Number of issues of which shares decreased during the year	9	1

(2) Policies for exercising voting rights

When exercising voting rights of cross-shareholdings, the Company comprehensively determines to vote for or against their proposals after reviewing whether or not their corporate governance system and proposals will contribute to the improvement of their corporate value over the medium and long-term.

*Cross-shareholding: There are cases where listed companies hold the shares of other listed companies for reasons other than pure investment purposes, for example, to strengthen business relationships. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.

[Principle 1-7] Transactions with related parties

- (1) In accordance with the Companies Act and JSR's "Regulations of the Board of Directors", the Company has obtained the Board of Directors' prior approval for competitive and conflict-of-interest transactions and reported important facts regarding such transactions to the Board of Directors after completion.
- (2) In accordance with applicable laws and regulations, the Company has disclosed the outline of transactions with related parties in notes to consolidated financial statements of the Securities Report and notes to non-consolidated financial statements of the ordinary general meeting of shareholders.
- (3) The Company has been determining the terms and conditions for the transactions with major shareholders by negotiating prices considering market conditions in the same way as it deals with third parties.

[Supplementary Principle 2-4-1] Ensuring diversity in the appointment of core personnel

We believe that promoting DE&I (Diversity, Equity & Inclusion) at the management level, which is at the core of our organizational operations, will enhance the resilience and sustainable growth of our entire Group, and ultimately improve our corporate value.

Currently, promotions and appointments to managerial and officer positions are based on merit and performance, with no distinction made for women, mid-career hires, or foreign nationals. As such, we have not set voluntary measurable targets for the promotion of foreign nationals and mid-career hires to positions, but we will continue to work to ensure diversity in the appointment of core personnel through initiatives such as supporting employees' autonomous career development and fostering career awareness.

In addition, we have set a target of 10% of management positions at the Company (non-consolidated) being held by women by FY2030, taking into account social issues specific to Japan. Despite the fact that since the 2010s, we have been working to promote the advancement of women as one way to support the success of a diverse range of personnel, it has taken time for the results to show up in figures, with the rate of management positions held by women hovering around 3-4%. In recent years, we have gradually begun to see results, and as of April 2023, the rate stood at 6.5%, but we are stepping up our efforts by setting a target for FY2030.

For information on these initiatives and other aspects of our DE&I approach, as well as our human resources development policy and internal environment development policy for ensuring diversity, please refer to 3. "Measures to Ensure Due Respect for Stakeholders" in Section III "Implementation of Measures for Shareholders and Other Stakeholders" of this report.

[Principle 2-6] Corporate Pension Funds as Asset Owners

- (1) With regard to management of JSR Pension Fund (the "Fund"), the Fund appoints general manager of Finance Department of the Company as its managing officer responsible for management of the Fund as well as receives appropriate advices from an outside advisor highly specialized in this field. Asset Management Committee of the Fund, consisting of members of Finance Department including officer in charge and members of the Fund including its chief director, each of whom having sufficient knowledge and expertise in pension fund management, periodically monitors and discloses the status of fund management to the beneficiaries of the Fund and the minutes of the committee meeting.
- (2) There is no concern over the conflicts of the interest between the Company and the beneficiaries of the Fund because;
 - 1) the board of the representatives of the Fund, a half of which consists of leading members of the labor union representing the beneficiaries, makes material decisions on asset management, based on the deliberations of Asset Management Committee, and
 - 2) the leading members of the labor union periodically participate in the audit of fund management acting as auditing officers.

[Principle 3-1 (i)] Disclosure of corporate mission and business plan

- (1) The Company sets its corporate mission as follows:
Materials Innovation: We create value through materials to enrich society, people and the environment.
- (2) The Company has, for the purpose of achieving its corporate mission, established group-wide management policies consisting of two basic components; "Fundamental Pillars of Management" representing general policies for ensuring sustainable growth and "Responsibility to Our Stakeholders" representing JSR's commitment as a good corporate citizen.

For details of the corporate mission and management policies, "the JSR Group's Essential Elements", please visit the following site:

https://www.jsr.co.jp/jsr_e/company/mission.html

- (3) The Company is pursuing a Medium-Term Management Policy which is planned to end in the FY ending March 2025. This policy positions the semiconductor business and the life sciences business as strategic growth drivers and aims to achieve ROE of at least 10% and core operating income of at least JPY 60 billion, both record highs, by FY2024. The policy's vision is to create value for all stakeholders and build a resilient organization that can adapt to any changes in the environment, while aiming for sustainable growth. To this end, we are reforming our corporate culture by focusing on the concept of "creating value for all stakeholders," deepening our Innovative Culture, promoting Digitalization, and expanding Globalization including addressing geopolitical risks. Accordingly, we are working to instill our five Foundations, namely, strengthening Operational Excellence, which underpins these efforts.

For details of the Medium-Term Management Policy, please refer to:

https://ssl4.eir-parts.net/doc/4185/ir_material_for_fiscal_ym5/118430/00.pdf

[Principle 3-1 (ii)] JSR's basic approach towards and policy on corporate governance

(1) Basic policy

- 1) It is the JSR Group's goal to make steady progress in realizing its corporate mission (Materials Innovation: We create value through materials to enrich society, people and the environment). This shall be done through efficient and transparent business management, by sustaining sound and healthy business practices. The Group will also continuously strive to create new corporate values with the hope of becoming an attractive corporation that can earn the trust of and satisfy the interests of all our stakeholders.
- 2) The Company therefore has been and will continue focusing on the enhancement of corporate governance as an important management challenge.

(2) Corporate governance structure

- 1) As a company with audit & supervisory board, the Company principally monitors and oversees the execution of duties by directors and the management through its Board of Directors and audit & supervisory board members.
- 2) The Company has continuously strengthened the function of management supervision, improved efficiency in decision making and execution of business duties, and enhanced the transparency and soundness of business management through the introduction of an officer system and the appointment of outside directors and audit & supervisory board members, who are independent from the Company and have extensive business experience and a high level of expertise.
- 3) The Board of Directors established JSR's corporate mission and makes important decisions including those of the Company's business strategies.
- 4) The Board of Directors developed an environment where management can take appropriate risks and demonstrate entrepreneurship through the introduction of a performance-based director remuneration framework.
- 5) The Board of Directors supervises directors and management through the assessment of business performance and appointment of directors.
- 6) The current Board of Directors consists of nine (9) directors, four (4) of whom are independent outside directors with vast experience and extensive expertise in management of corporations and businesses. In the future, the Company will elect 1/3 (one third) or more independent outside directors with similar expertise in order to increase corporate value and oversee business management. Seiji Takahashi, who is a Director and Managing Officer, serves as the board's chairperson.
- 7) The current Audit & Supervisory Board consists of three (3) audit & supervisory board members, two (2) of whom are independent outside audit & supervisory board members with extensive and sophisticated expertise (one is a lawyer and the other is a certified public accountant). In the future, the Company will elect two independent outside audit & supervisory board members with vast experience and extensive and sophisticated expertise in such fields as law, accounting, and etc., to effectively audit the execution of duties by directors and the management.

- 8) The Company established the Remuneration Advisory Committee of which majority members are independent outside directors and the chair of which is Tadayuki Seki, who is an independent outside director, in order to ensure the objectivity and transparency of its directors' remuneration framework. The committee, which targets inside directors (including representative directors and executive directors), outside directors, audit & supervisory board members, officers, advisors, executive advisors, senior advisors, and other important employees, deliberates on matters such as establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of incentive remunerations, appropriateness of the level and composition of the remunerations, and determination of the amount of remuneration of each position based on the remuneration framework and others, and makes recommendations to the Board of Directors.
- 9) The Company set basic policies on remuneration of directors as follows: the remuneration framework should increase corporate value over the medium and long-term, attract diverse and superior personnel, be linked to short-term, medium-term and long-term business performance, have management and shareholders share profits, while maintaining the transparency and accountability, to achieve accomplishment of the management strategies and business strategies of the Company. Remuneration for directors consists of a fixed basic remuneration, an annual bonus linked to the attainment level of business performance in each fiscal year, a performance-linked stock remuneration to be granted after the applicable period (hereinafter referred to as "Performance Share Units") for the purpose of steadily implementing the medium-term management plan and business structural reforms which is planned to end in FY2024, and restricted stock shares (non-monetary remuneration) as remuneration designed to facilitate earlier sharing of corporate values between directors and the shareholders of the Company. In light of their roles, remuneration for outside directors and audit and supervisory board members consists of basic remuneration only.
- 10) The Company established the Nomination Advisory Committee of which majority members are independent outside directors and the chair of which is Tadayuki Seki, who is an independent outside director, to ensure the transparency of the policy and procedures of nominating candidates for directors. The committee deliberates criteria for the size (number of people) and diversity in terms of breadth of knowledge, experience, capability, gender, international consciousness, work history, age, and other factors necessary for the Board of Directors as well as criteria and procedures for nominating and/or identifying candidates for future appointment as the CEO and President, directors, officers with directorship status (including senior officers), and audit & supervisory board members, and submits its findings to the Board of Directors.
In order to ensure transparency of the deliberation, the committee takes such necessary measures as discussion solely among outside independent directors for the agenda relating to appointment/reappointment or dismissal of the CEO and President. The committee, through its active involvement in the selection process, systematically develops and selects candidates for the successor to the CEO and President in an objective and transparent manner by providing the pool of candidates with necessary training and coaching.

(3) Relationship with stakeholders

- 1) The Company established "Responsibility to Our Stakeholders" (responsibility to customers, business partners, employees, society, and shareholders) as one of the important pillars of its management policies in order to express its commitment to its stakeholders.
- 2) The Company appropriately responded to issues related to sustainability, such as social and environmental issues and also promoted measures to secure diversity including those for encouraging greater participation of female employees.

For details of JSR's Sustainability report, please visit the following site:

https://www.jsr.co.jp/jsr_e/sustainability/index.shtml

- 3) To fulfill its commitment to its stakeholders as stated in its "Responsibility to Our Stakeholders", the JSR Group established "the JSR Group Principles of Corporate Ethics" as a code of conduct for its

directors and employees and endeavored to ensure the code is thoroughly communicated to, and understood and observed by all directors and employees.

https://www.jsr.co.jp/jsr_e/sustainability/2021/governance/compliance.shtml

(4) Securing the rights and equal and equitable treatment of shareholders

- 1) The Company has continued to develop an environment where shareholders can appropriately exercise their voting rights at the ordinary general meeting of shareholders.

The Company will continue to implement the following measures: holding an ordinary general meeting of shareholders earlier than other companies (in the middle of June each year); disclosing the contents of the notice of convocation early via internet (the start of measures for electronic provision) prior to the date of dispatching such materials; introducing an electronic voting platform via the Internet, etc.; participating in the electronic voting platform for institutional investors; enhancing contents of the convocation notice; and translating the convocation notice into English, etc.

- 2) The Company will explain its basic idea on its capital policies to shareholders. Especially in the case of those policies that may undermine the interests of existing shareholders, such as introducing takeover defense measures, MBO, and increase in capital stock, etc., the Company is determined to sufficiently examine their necessity and rationality and to take appropriate procedures to ensure sufficient explanation to shareholders.
- 3) The Company holds listed shares as cross-shareholdings only after comprehensively reviewing the rationality of holding such shares in the lights of business management strategies and economics of such shareholdings while it has been reducing cross-shareholdings when holding such shares has become irrational. The Board of Directors periodically reviews the status and the policies for holding individual cross-shareholdings by taking such factors into consideration as the purpose of holding, potential risk and expected return, and cost of capital required for holding such individual shares. When exercising voting rights of cross-shareholdings, the Company comprehensively determines to vote for or against their proposals after reviewing whether or not their corporate governance system and proposals will contribute to the improvement of their corporate value over the medium and long-term.

(5) Capital policy

- 1) While prioritizing growth investment to continuously create corporate value, the Company has been aiming at providing appropriate returns to shareholders, including combination of dividends and treasury stock acquisitions, by taking into account its business performance and medium and long-term capital requirements.
- 2) The Company has been managing its businesses bearing the cost of capital in mind by using the cost of capital as reference for decisions for investment and evaluation of the businesses and by introducing ROI target as a reference to determine performance-linked remuneration to the directors other than outside directors and to the officers of the Company. The Company has been and will be continuously endeavoring to improve capital efficiency indices, such as ROE and ROIC.

(6) Dialogue with shareholders

- 1) The Company has been promoting constructive dialogue with shareholders in the following manner.
 - a The Company appoints an officer in charge of IR. The CEO and President or the officer in charge of IR explains business performance, financial positions, and the details and progress of the mid-term business plan at the quarterly analyst meeting and mid-term business plan explanatory annual meeting for institutional investors. Business briefings are also held to explain business conditions and other matters.
 - b Every year, the CEO and President or the officer in charge of IR holds interviews with institutional investors in Japan and overseas to explain the above matters. In addition, the Company establishes opportunities for directors, including independent outside directors, to engage in dialogue as necessary.

c Opinions and questions that the Company receives from investors through the above-mentioned dialogues are periodically fed back to management.

2) In dialogues with shareholders, the Company has strived to appropriately treat insider information.

(7) Information disclosure policy

1) The Company established its information disclosure policy and prepared organizations and systems for information disclosure. The Company has strived to ensure prompt, accurate, active and fair disclosure of information by establishing a company-wide cooperative framework to improve the quality of information disclosure.

2) With the aim of actively providing company information to shareholders and investors, the Company has been posting such information on its website as corporation information including business performance, financial position, and details of main businesses, sustainability promotion activity including CSR information such as efforts to conserve the environment and responsible care (RC), and research and development (R&D) activities.

[Principle 3-1 (iii)] Policy and procedures to decide remuneration for management and directors

The Company established the Remuneration Advisory Committee of which majority members are independent outside directors and the chair of which is Tadayuki Seki, who is an independent outside director, to ensure the objectivity and transparency of its directors' remuneration framework. The Committee deliberates on matters such as establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of incentive remunerations, appropriateness of the level and composition of the remunerations, and determination of the amount of remuneration of each position based on the remuneration framework and others, and makes recommendations to the Board of Directors.

[Principle 3-1 (iv)] Policy and procedures for electing/dismissing members of management and nominating candidates for director and audit & supervisory board member

(1) Nomination Advisory Committee

1) The Company established the Nomination Advisory Committee of which majority members are independent outside directors and the chair of which is Tadayuki Seki, who is an independent outside director, to ensure the transparency of the policy and procedures of nominating candidates for directors, audit & supervisory board member and officers with directorship status (including senior officers). At the committee, any of the members is not eligible for voting in the agenda in which such member has special interest.

2) The committee deliberates criteria for the size (number of people) and diversity in breadth of knowledge, experience, capability, gender, international consciousness, work history, age, and other factors necessary for the Board of Directors; criteria and procedures for the nomination, and candidates for future appointment as the CEO and President, directors, officers with directorship status (including senior officers), and audit & supervisory board members; and submits its findings to the Board of Directors.

3) The committee systematically develops and selects candidates for the successor to the CEO and President in an objective and transparent manner by providing the pool of candidates with necessary training and coaching to enhance skills and leadership and by actively participating in selection process through interviews etc.

4) The CEO and President submit to the committee an annual report on management activities including a broad range of strategic ones. Based on the report, the committee assesses the business result and performance of the CEO and President and advises the Board of Directors whether or not improvement in management quality is necessary.

5) The committee will deliberate and report to the Board of Directors in a timely fashion when the committee judges there arises a reason that necessitates dismissal of directors including the CEO and President. In order to ensure transparency of the deliberation, the committee takes necessary measures

as deliberation solely among outside independent directors for the agenda relating to appointment/reappointment or dismissal of the CEO and President.

- 6) Upon receipt of the aforementioned annual management activities report and based on the business result and performance evaluation of the CEO and President as well as business circumstances and economic outlook, etc., the committee annually deliberates and judges appropriateness of the appointment, dismissal of the CEO and President and terms of office.

(2) Criteria for nominating candidates for directors

When nominating candidates for directors, the Company makes it a rule to secure the breadth of knowledge, experience, capability, diversity, and size (number of people)—as well as the appropriate balance among those attributes—that the Board of Directors requires to make important management decisions and oversee the execution of duties in appropriate and timely fashion, and it nominates persons who are mentally and physically sound and have an exceptional personality and personal magnetism, and high principles and ethical view. For the knowledge, experience, and capability essential for the Board of Directors, the Company has identified specific elements based on the medium- to long-term management policies and strategies, and presents them in the form of a Skills Matrix. Please refer to “[Supplemental Principle 4-11-1] Concept of balance of knowledge/experience/capability, diversity and size of the Board of Directors as a whole” below for details on this Skills Matrix.

(3) Criteria for nominating candidates for audit & supervisory board member

- 1) From the perspective of ensuring the transparency and soundness of business management through auditing the process of directors’ decision making and execution of duties in accordance with laws and regulations, such as the Companies Act, the articles of incorporation and internal rules, the Company nominates persons with vast experience and extensive and sophisticated expertise necessary for audit (including one person with sufficient knowledge of finance and accounting) among those who are mentally and physically sound and have an exceptional personality and popularity, and high principles and ethical view.
- 2) Regarding candidates for outside audit & supervisory board members, in particular, the Company nominates persons who have independence and extensive experience and knowledge of laws and accounting.

[Principle 3-1 (v)] Reasons for nominating individual candidates for director and audit & supervisory board member

For details of the reasons for nominating individual candidates for outside directors and audit & supervisory board members, please refer to the materials for the ordinary general meeting of shareholders and [Directors] and [Audit & Supervisory Board Member] of “1. Organizational Composition and Operation” in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” of this Corporate Governance Report.

The Company has been disclosing the reasons for nominating candidates for inside directors and audit & supervisory board members in the reference materials attached to the notice of convocation of ordinary general meeting of shareholders.

[Supplementary Principle 3-1-3] Sustainability initiatives, investment in human capital and intellectual property

(1) Sustainability

The Group defines sustainability as “contributing to society by creating value through corporate activities.” Taking our corporate mission as a basis, we aim to build good relationships with various stakeholders (interested parties) and become a global company that is trustworthy and indispensable. Guided by our corporate mission, in a business environment of uncertain prospects and drastic changes, we are striving to enhance our corporate value over the medium to long term by conducting our business activities with organizational sustainability and resilience at the core of our Medium-Term Management Policy. In order to

realize these goals, we have defined material issues (materiality), set indicators and targets for each of the materiality items, and continue our efforts to enhance corporate value under the oversight and monitoring of the Board of Directors. Furthermore, we consider the issue of climate change facing society to be one of the most important issues for the JSR Group, and we are actively working to reduce greenhouse gas emissions both internally and externally. We also declared our support for the TCFD recommendations in October 2020 and disclosed information in line with the framework.

1) Governance

Under a system of oversight and monitoring by the Board of Directors, the Company considers and implements appropriate responses to issues that may pose business risks, as well as opportunities. To enhance oversight and monitoring of sustainability risks and opportunities, the executive officer in charge of sustainability promotion regularly reports to the Board of Directors on items brought up at meetings of the Sustainability Promotion Committee and on the progress of KPIs set for materiality, and the Board of Directors shares and deliberates on sustainability issues. In addition, the executive officer in charge of sustainability promotion also serves as a director, creating a framework that enables the Board of Directors to ensure thorough sustainability management.

*Sustainability Matters Discussed by the Board of Directors (FY2022)

- Report on the activities of each committee and the results of the ESG assessment organization evaluation (July)

- Materiality KPI progress (October)

- The JSR Group's sustainability management promotion activities (February)

The Sustainability Promotion Committee (SPC) mentioned above has been established as a cross-functional meeting body chaired by the CEO and President of the Company to facilitate the practical implementation of sustainability activities. There are four committees operating under the SPC: the Sustainability Planning Committee, the Environment, Safety, and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee. The SPC oversees and guides the activities of these four committees, and endeavors to strengthen and promote management through regularly scheduled meetings held four times a year as well as extraordinary meetings.

In addition, a portion of the CEO and President's annual bonus (10%, CEO/President from June 16, 2023) is determined based on the progress of company-wide sustainability management initiatives.

2) Strategy

The JSR Group has set out and identified key sustainability issues as materiality. Based on the two axes of “importance to the Group (internal factors)” and “importance to stakeholders (external factors),” we have determined the materiality in our business activities and business foundation, taking into account both internal and external opinions. The materiality of our business foundation are: i) environmental protection and impact reduction, ii) employees; diversity, equity & inclusion (DE&I); and work styles, iii) health and safety, iv) respect for human rights, and v) the supply chain. Indicators and targets have been established for each materiality, and efforts are underway to achieve them. These materiality initiatives will also contribute to achieving the United Nations Sustainable Development Goals (SDGs).

In particular, with regard to climate change, the Company has announced a goal of achieving “virtually net zero” GHG emissions (Scope 1 and 2) by 2050. As a milestone, we have established an interim target of 30% reductions by 2030 and a plan to reduce GHG emissions in each fiscal year. We will promote emission reductions with a view to efficient energy use, a shift to renewable energy, and the introduction of innovative energy technologies. In addition, we will contribute to the creation of a low-carbon and recycling-oriented society by expanding sales of environmentally-responsive products.

Following the TCFD qualitative analysis for FY2020–FY2021, we have begun work on a quantitative analysis for FY2022.

3) Risk management

The JSR Group regards the prevention of serious crises and minimizing the impact on business activities in the event that such crises occur as important business issues. To address these, we have instituted a set of Risk Management Regulations and conduct risk management, primarily through the Risk Management Committee. We regularly identify risks throughout the JSR Group and position risks that could have a significant impact on business continuity as “JSR Group Major Risks.” Action is taken based on priority levels, and a system is being established and maintained for preventing crises and preparing for them as they occur. These risks

include risks regarding sustainability (e.g., climate change, supply chain related, etc.).

4) Indicators and targets

We have set indicators and targets for each of the business foundation materiality, and are conducting ongoing progress management.

i) Environmental preservation and impact reduction

As a company that handles chemical substances, our Group recognizes our duty to contribute to the realization of a sustainable global environment and society. In order to help solve social issues such as climate change and resource depletion, we aim to achieve net zero GHG emissions in 2050 (Scope 1 and 2) and absolute reductions in the volume of waste sent to landfills (0.1% or less in Japan).

ii) Employees; diversity, equity & inclusion (DE&I); and work styles

We believe that promoting flexible and diverse work styles and encouraging employees to harness their individual abilities and perspectives to work with high levels of engagement will improve the competitiveness of the organization and ultimately enhance corporate value.

We believe that promoting DE&I (Diversity, Equity & Inclusion) at the management level, which is at the core of our organizational operations, will lead to improved resilience for the JSR Group as a whole. In particular, we have established the rate of management positions at JSR (non-consolidated) held by women as a KPI, taking into account social issues specific to Japan. This is one of the indicators that we should focus on in ensuring equitable opportunities for each employee to take on challenges, achieve success, and grow.

iii) Health and safety

Regarding safety, we have standardized our evaluation criteria globally, using as KPIs the number of accidents that occur to measure the results of our safety activities, and the results of our safety culture survey, which measures progress in this process. Regarding health, we regard the balance between employee health and productivity as an important management issue in the post-COVID-19 world, and will make serious efforts to address it.

iv) Respect for human rights

We have established a human rights policy to fulfill the responsibility we bear as a company to practice respect for human rights. In addition, we will conduct e-learning sessions for employees on human rights to deepen each JSR Group employee's understanding of these issues. The rate of attendance at these e-learning sessions will be used as a KPI.

v) The supply chain

In order to share the demands of society and the Group's approach with suppliers, we distribute the Group's CSR Procurement Policy and Human Rights Policy and collect letters of endorsement. By ensuring that suppliers understand the purpose of these activities, we can prevent risks before they occur. Regarding conflict minerals and cobalt, which are of great concern in terms of child labor and other human rights violations, we confirm the use of these minerals in raw materials provided by suppliers to the JSR Group and the status of suppliers' efforts to prevent human rights violations using the Conflict Minerals Reporting Template from the Responsible Minerals Initiative (RMI). Collection rates for these endorsement forms and templates have been set as a target.

(2) Investment in human capital, etc.

As an example of a major KPI set with respect to materiality, we are conducting "JSR Health Promotion," an employee health promotion activity that is the basis of our organizational activities, with the aim of improving employee engagement and labor productivity. We believe that the mental and physical health of our employees is extremely important for their well-being and that of their families, as well as for workplace productivity and a vibrant work environment, so we have implemented a variety of measures to help ensure that our employees can work in good mental and physical health. The Company and some Group companies have declared their policy of actively promoting health in a "Health Declaration," and have been certified as "Health Promoting Workplaces" by the Mie Federation of Health Insurance Associations. The Company's ultimate goal is to become "an organization where all employees can think and act for themselves regarding their health." As such, it aims to provide and support individual employees with personalized health maintenance and improvement measures that they can undertake on their own. As part of the framework for

implementing JSR Health Promotion, the Health Promotion Council, headed by the officer in charge of human resources, holds regular meetings, where occupational health nurses and health management promotion departments at individual business sites take the lead in cross-organizational monitoring and implementation of various measures. In addition to communicating the significance of health promotion through messaging, management receives and oversees regular reports from the Health Promotion Council.

(3) Investment in intellectual property, etc.

As a company with a corporate mission of “Materials Innovation,” intellectual property is indispensable for us in providing value to society through technology. We are constantly pursuing cutting-edge technological innovations, expanding our technological domain, and using open innovation to advance our research and development activities, while appropriately protecting the intellectual property we have acquired. Through collaboration between business, research, and intellectual property, we acquire intellectual property rights and protect expertise in accordance with policies tailored to each business environment, including not only business fields and stages but also target countries and regions in consideration of the supply chain, etc., thereby promoting business expansion and business creation. Furthermore, while seeking to maximize business opportunities through the use of intellectual property, we also respect the intellectual property rights of others and ensure that we minimize the various risks associated with intellectual property.

For more information on our other sustainability initiatives, disclosures under the TCFD framework, and investments in human capital and intellectual property, please refer to our website.

Our response to the TCFD Recommendations

https://www.jsr.co.jp/jsr_e/sustainability/management/tcfid.shtml

Investment in human capital, etc.

Work-life management https://www.jsr.co.jp/jsr_e/sustainability/society/worklife_management.shtml

DE&I https://www.jsr.co.jp/jsr_e/sustainability/society/diversity.shtml

Human resource development https://www.jsr.co.jp/jsr_e/sustainability/society/human_resources.shtml

Investment in intellectual property, etc. https://www.jsr.co.jp/jsr_e/rd/

[Supplementary Principle 4-1-1] Scope of the authorization for management

- (1) The Board of Directors shall make decisions on issues, in addition to those treated as a prerogative of the Board of Directors by laws and regulations and the articles of incorporation, of the following important ones prescribed in “JSR’s Regulations of the Board of Directors”.
 - 1) Issues related to an ordinary general meeting of shareholders
 - 2) Issues related to directors and officers
 - 3) Issues related to financial results
 - 4) Issues related to stocks and corporate bonds
 - 5) Issues related to fundamental management initiatives, management policies, and business plans
 - 6) Issues related to important operations (according to the amount criteria, etc.)
- (2) For the issues other than the above, the Company delegates decision making authorities to persons listed below in accordance with its “Regulations on Decision Making Authority” depending upon nature and importance thereof;
 - 1) Decision by CEO and President after deliberation at the Executive Committee.
 - 2) Decision by CEO and President
 - 3) Decision by an officer in charge
 - 4) Decision by a head in charge of business department

[Principle 4-9] Criteria for judging the independence of independent outside directors

The Company has set its original criteria for judging the independence of independent outside directors and audit & supervisory board members. For details, please refer to “Matters relating to Independent Directors/Audit & Supervisory Board Member” in [Independent Directors/Audit & Supervisory Board Member] of “1. Organizational Composition and Operation” in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” of this Corporate Governance Report.

[Supplementary Principle 4-10-1] Concept with respect to the independence of committee composition, authority, and roles

The Company established the Nomination Advisory Committee and the Remuneration Advisory Committee as voluntarily established advisory bodies of the Board of Directors. Please refer to “[Principle 3-1 (iv)] Policy and procedures for electing/dismissing members of management and nominating candidates for director and audit & supervisory board member” for details.

[Supplementary Principle 4-11-1] Concept of balance of knowledge/experience/capability, diversity, and size of the Board of Directors as a whole

With the aim of overseeing important management decision making and the execution of duties in appropriate and timely fashion in order to increase corporate value over medium and long-term, the Company considers it important that the Board of Directors as a whole effectively utilize the skills possessed by internal and outside directors, including their abundant knowledge, experience and capabilities in the fields of corporate management and business operations, research and development, manufacturing, manufacturing technology, intellectual property, human resources, finance and accounting, governance, legal affairs, compliance, and risk management, and ensure that skills, size (number of people) and the appropriate balance between them that the Board of Directors requires are available at any given time.

The Company will continue to ensure the knowledge, experience, capability, and diversity that are essential for the Board of Directors and maintain its optimum size but not exceeding 12 people in accordance with the deliberation to be made by the Nomination Advisory Committee and with its business strategies in the future. Please refer to “[Principle 3-1 (iv)] Policy and procedures for electing/dismissing members of management and nominating candidates for director and audit & supervisory board member” above for details on the Company’s policy and procedures concerning the appointment of directors.

Skills Matrix for Directors and Audit & Supervisory Board Members

Directors

Name	Years in office	Corporate management experience	Sales & marketing	Manufacturing/ R&D/ Intellectual property	Finance & accounting	Legal affairs/ compliance/ risk management	Sustainability	Globalization	Expertise and	
									Digital Solutions	Life Sciences
1 Mr. Eric Johnson	4	✓	✓	✓			✓	✓	✓	✓
2 Mr. Koichi Hara	-				✓	✓		✓	✓	✓
3 Mr. Seiji Takahashi	1			✓				✓		
4 Ms. Ichiko Tachibana	1					✓	✓			
5 Mr. Kenichi Emoto	1				✓			✓	✓	
6 Mr. Tadayuki Seki	Independent Outside Director	6			✓	✓	✓	✓		
7 Mr. David Robert Hale	Independent Outside Director	2	✓		✓		✓	✓		✓
8 Mr. Masato Iwasaki	Independent Outside Director	1	✓	✓		✓	✓	✓		✓
9 Mr. Kazuo Ushida	Independent Outside Director	1	✓				✓		✓	

Audit & Supervisory Board Members

1 Mr. Tomoaki Iwabuchi		3			✓	✓	✓			
2 Ms. Junko Kai	Independent Outside A&SB member	2				✓	✓			
3 Mr. Takaaki Tokuhira	Independent Outside A&SB member	1			✓	✓		✓		

※Years in office is as of June 16, 2023

[Supplementary Principle 4-11-2] Positions concurrently held by directors and audit & supervisory board members

- (1) Outside directors and audit & supervisory board members had a high attendance rate (100%) at Board of Directors and Audit & Supervisory Board meetings held in FY2022 and spared sufficient time to perform their roles and duties since they understood the schedule of the Board of Directors and the Audit & Supervisory Board meetings before assuming their office and received notice of the meeting well in advance after assuming their office.
- (2) Regarding the positions concurrently held by the directors and audit & supervisory board members, please refer to business report and reference materials attached to the notice of convocation of ordinary general meeting of shareholders as well as “Outside Directors’ Relationship with the Company (2)” in [Directors] of “1. Organizational Composition and Operation” in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” of this Corporate Governance Report.

[Supplementary Principle 4-11-3] Analysis and evaluation on the effectiveness of the Board of Directors

The Board of Directors of the Company has been conducting an evaluation of its effectiveness in order to maximize corporate value of the Company by enhancing its effectiveness. The following is the summary of the results of the board effectiveness evaluation in FY ending March 2023.

1. Overview of Evaluation Results

1) Evaluation process

We conducted a questionnaire survey targeting all the nine directors of our company (four of them are independent outside directors) as well as all the three audit & supervisory board members (two of them are independent outside audit & supervisory board members). We also interviewed all of those respondents and had discussions about the results of the questionnaire survey as well as the interviews multiple times, and evaluated those results. To evaluate the results of the FY2022 survey, we have hired a third party agency that has expertise in the entire evaluation processes mentioned above.

2) Evaluation content

We confirmed mainly the following points through the analysis / evaluation processes as well as the discussions that took place at board meetings and came to the conclusion that our company’s board of directors was functioning effectively.

- The board of directors has the right composition in terms of diversity (e.g. nationality, gender, etc.) and expertise. In addition to high-value added advice given by the board, the board of directors has lively and candid discussions to increase the company’s value in the mid-to-long term.
- The board of directors fully plays roles and functions as a meeting structure. It oversees business execution from different stakeholders’ perspectives and asks the management team to make improvements if necessary.
- The Nomination and Remuneration Advisory Committees are chaired by the independent outside director, and the majority of the committee members are independent outside directors. Both committees help strengthen the supervisory function of the board by properly submitting a report to the board while ensuring transparency and objectivity.

2. Challenges and future activities

When we conducted the board effectiveness evaluation in the last fiscal year, some of the respondents pointed out that we had to consider the specific way the monitoring board should be and the size and composition of the board as well as the qualities of the board members and board diversity, etc., so we can reinforce the monitoring functions of the board. Given this point, at this year’s board meetings, the board of directors discussed and organized the way the board should be as well as the challenges associated with the transition to the monitoring board and then reached consensus on the monitoring board that the Company’s board of directors strives to become.

(The board of directors that the Company’s board strives to become)

- Besides approving strategies and overseeing business execution (monitoring function) from a multi-stakeholder perspective, the board also gives advice (advisory function), so it can contribute to maximizing the value of the company.
- The board proactively supports corporate management that embodies Materials Innovation by extensively transferring its decision-making authority over important business execution matters to business execution teams, trusting those business execution teams, and focusing solely on the functions defined above.

As for challenges to realizing the monitoring board that the Company's board strives to become, we received the following feedback when conducting this year's board effectiveness evaluation. We will continue to tackle these points going forward.

(Challenges that the respondents pointed out)

- Although the board is functioning effectively at the moment, we need to clarify the definition and details of its supervision as well as the supervisory standards. In this way, both supervisory team and business execution teams can reaffirm their respective roles and responsibilities. To enhance the monitoring function of the board, we need to proceed with activities toward the most appropriate board composition.
- The board has been discussing important management issues, but to realize highly effective supervision, the board needs to more accurately grasp the company's strategies and business execution status after the divestment of the elastomers business. To focus on deliberating on the company's mid-to-long-term direction as well as its strategies, the board needs to further narrow down important agenda items that it deliberates on, set specific target levels and goals, and carry out supervisory activities after decisions are made according to the standard.
- The composition and roles of the Nomination Advisory Committee are appropriate, but there are still some challenges in terms of securing sufficient time and information for practical discussions on succession plan. Therefore, we need to make sure that the committee members have sufficient time and information to deliberate on the succession plan.
- Although the current supervisory system and function are functioning effectively, we need to continue to enhance JSR Group's unified global audit system as we expand our business globally so that the board will be fully aware of significant risks.

[Supplementary Principle 4-14-2] Policy for training directors and audit & supervisory board members

- (1) The Company provides newly elected officers—future candidates for directors—with opportunities to participate in outside seminars for newly elected directors.
- (2) The Company provides newly elected outside directors and audit & supervisory board members with opportunities to participate in the introduction education and factory and research institute tours to deepen their understanding of the Company and its businesses.
- (3) When a Board of Directors meeting is held, the Company regularly picks up key issues closely related to its businesses as “A Specific Theme for Review and Discussion” and thereby provides an opportunity to exchange opinions on such themes. This opportunity helps directors and audit & supervisory board members not only deepen their understanding of the Company's business challenges but also promote communication between board members.
- (4) The Company holds regular seminars by outside lecturers prior to the ordinary general meeting of shareholders to review the status of corporate governance in general and legal reforms.

[Principle 5-1] Policy on constructive dialogue with shareholders

The Company has implemented the following measures to promote constructive dialogue with shareholders and investors.

- (1) An officer, who is responsible for Finance Department and Corporate Communications Department, takes charge of IR activities and the Finance Department and the Corporate Communications Department jointly assist dialogue with investors.
- (2) The Company holds an analyst meeting every quarter and a mid-term business plan explanatory meeting every fiscal year. In such meetings, the CEO and President or an officer in charge of IR explains business

performance, financial position, details and progress of the mid-term business plan to analysts. Business briefings are also held to explain business conditions and other matters.

- (3) Every year, the CEO and President or an officer in charge of IR holds interviews with major institutional investors in Japan and overseas to explain the details and progress of the mid-term business plan. In addition, the Company establishes opportunities for directors, including independent outside directors, to engage in dialogue as necessary.
- (4) The Company has been endeavoring to provide investors with the Company information on its website such as, financial statement, that on mid-term business plans and progress thereof and on details of business performance of main businesses, as well as that on sustainability promotion activity including responsible care or efforts to conserve the environment, and that on R&D activities.
- (5) Opinions and questions that the Company receives from investors through the above-mentioned dialogues are fed back to management as IR activities reports.
- (6) In dialogues with shareholders, the Company has appropriately treated insider information (setting a silent period from the start of a new fiscal year to the day of announcing business results, establishing regulations for preventing insider trading, and conducting employee education seminars).

2. Capital Structure

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

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	33,222,000	16.00
SSBTC CLIENT OMNIBUS ACCOUNT BRITISH VIRGIN ISLANDS/ U.K.	18,686,500	9.00
SSBTC CLIENT OMNIBUS ACCOUNT	14,513,598	6.99
Custody Bank of Japan, Ltd. (trust account)	10,649,500	5.13
JP MORGAN CHASE BANK 385632	7,505,298	3.62
STATE STREET BANK AND TRUST COMPANY 510312	5,454,136	2.63
MSCO CUSTOMER SECURITIES	5,238,093	2.52
STATE STREET BANK AND TRUST COMPANY 510311	4,609,894	2.22
ML PRO SEGREGATION ACCOUNT	4,164,296	2.01
Nippon Life Insurance Company	3,716,586	1.79

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

Supplementary Explanation Updated

Shareholding percentage is calculated by using 207,585,773 shares as a denominator which arrives from total issued shares (208,400,000) less treasury shares (814,227).

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (“TSE”) Prime Section
Fiscal Year-End	March
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion /
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

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

n.a.

5. Other Special Circumstances which may have Material Impact on Corporate Governance

Updated

As described in “Announcement of Opinion on Scheduled Commencement of the Tender Offer and Recommendation for our Shareholders to Tender their Shares in the Tender Offer to be Conducted by JICC-02, Ltd. for the Shares in JSR Corporation” published by the Company on June 26, 2023 (“the Announcement on June 26”), the Company announced that, with respect to a tender offer by JICC-02, Ltd. (the "Tender Offeror") for the common shares of the Company (the "Company Shares") and the Company Share Options (as defined in the Announcement on June 26) and the Company ADRs (as defined in the Announcement on June 26) (the "Tender Offer"), the Company resolved, at the Board of Director meeting held on June 26, 2023, in reflection of the current opinion of the Company, to express an opinion supporting the Tender Offer and to recommend that (i) the shareholders of the Company Shares and the holders of the Company Share Options tender for the Tender Offers and (ii) the holders of the Company ADRs (as defined in the Announcement on June 26) deliver the Company ADRs to the Depository Banks in advance, receive the Company Shares represented by the Company ADRs before tendering for the Tender Offer and tender their Company Shares, if the Tender Offer commences.

*The Tender Offeror is a stock company incorporated on June 15, 2023, whose principal business is to acquire and hold the Company's shares, etc. and to control and manage the business activities of the Company after the consummation of the Tender Offer. As of June 26, 2023, JIC Capital, Ltd. ("JICC"), a wholly-owned subsidiary of Japan Investment Corporation ("JIC"), owns all of the outstanding shares of the Tender Offeror, and until the settlement of the Tender Offer, JICC plans to transfer all of the outstanding shares of the Tender Offeror to the JICC PE Fund No. 1 Investment Limited Liability Partnership and JIC PE Co-investment Fund No. 1 Investment Limited Liability Partnership (hereinafter collectively referred to as the "JICC Funds"), both of which are managed by JICC. In addition, after the consummation of the Tender Offer and by the time of settlement of the Tender Offer, procedures for the third-party allotment of common shares to the JICC Funds and procedures for the third-party allotment of preferred shares (non-voting shares) to Mizuho Bank, Ltd. and Development Bank of Japan Inc. are planned for the purpose of appropriating the funds necessary for the settlement of the Transaction (as defined in the Announcement on June 26). As of June 26, 2023, JIC, JICC, and the Tender Offeror do not own any of the Company Shares.

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 Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1
Chairperson of the Board	Other Director
Number of Directors	9
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)	Updated
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Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Tadayuki Seki	From another company									△			
David Robert Hale	From another company												
Masato Iwasaki	From another company									△			
Kazuo Ushida	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

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/audit & supervisory board member

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/audit & supervisory board member 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)	Updated
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Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tadayuki Seki	Independent Director	<p>(1) Mr. Seki meets the independence standards set forth by Tokyo Stock Exchange and the “Criteria for judging independence of outside directors and audit & supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit & Supervisory Board Member” in this report. Accordingly, the Company has determined there is no risk of conflict of interest with general shareholders and has designated him as an Independent director.</p> <p>(2) There have been some ongoing transactions involving the sales and purchase of plastics between the group companies of ITOCHU Corporation (where Mr. Seki served as Representative Director and Executive Vice President) and those of JSR Corporation. The values of such transaction in the current business year ending in March 2023 amounted to less than 0.6% of JSR Group’s consolidated net sales and less than 0.1% of those of ITOCHU Corporation, respectively, for the previous business year ending in March 2022.</p>	<p>Mr. Seki served as the Representative Director and Executive Vice President at ITOCHU Corporation. He has vast experience in the corporate management of a general trading company which operates a global trading business and possesses the perspectives of independent outside personnel.</p> <p>He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the Board of Directors level, and to strengthen the Company’s fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby contributing further to the continuous enhancement of JSR Group’s corporate value.</p> <p>He is therefore appointed again as an outside director in the expectation that he will continue to make similar contribution.</p>

David Robert Hale	Independent Director	<p>(1) Mr. Hale meets the independence standards set forth by Tokyo Stock Exchange and the “Criteria for judging independence of outside directors and audit & supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit & Supervisory Board Member” in this report. Accordingly, the Company has determined there is no risk of conflict of interest with general shareholders and has designated him as an Independent director.</p> <p>(2) ValueAct Capital Management, L.P ("VAC"), where Mr. Hale serves as a partner, and the Company have no business dealings.</p>	<p>Mr. Hale is a partner of ValueAct Capital Management, L.P ("VAC"), a global investment firm which controls ValueAct Capital Master Fund, L.P. ("VAC Funds"), a shareholder of the Company. He has served on the Board of Directors of VAC's portfolio company, and has extensive experience helping companies manage, transform and grow their businesses. He has utilized his experiences, international understanding and outside and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the Board of Directors level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby contributing further to the continuous enhancement of JSR Group's corporate value. He is therefore appointed again as an outside director in the expectation that he will continue to make similar contribution.</p>
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Masato Iwasaki	Independent Director	<p>(1) Dr. Iwasaki meets the independence standards set forth by Tokyo Stock Exchange and the “Criteria for judging independence of outside directors and audit & supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit & Supervisory Board Member” in this report. Accordingly, the Company has determined there is no risk of conflict of interest with general shareholders and has designated him as an Independent director.</p> <p>(2) There have been ongoing transactions involving the sales of products in Life Sciences business between the group companies of Takeda Pharmaceutical Company Limited (where Dr. Iwasaki served as a Representative Director, Japan General Affairs) and those of JSR Corporation. The values of such transaction in the current business year ending in March 2023 amounted to less than 0.1% of JSR Group’s consolidated net sales.</p>	<p>Dr. Iwasaki served as the Representative Director and Japan General Affairs of Takeda Pharmaceutical Company Limited. He has vast experience in the corporate management of global pharmaceutical companies and possesses the perspectives as independent outside personnel. He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the Board of Directors level, and to strengthen the Company’s fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby contributing further to the continuous enhancement of JSR Group’s corporate value. He is therefore appointed again as an outside director in the expectation that he will continue to make similar contribution.</p>
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Kazuo Ushida	Independent Director	<p>(1) Mr. Ushida meets the independence standards set forth by Tokyo Stock Exchange and the “Criteria for judging independence of outside directors and audit & supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit & Supervisory Board Member” in this report. Accordingly, the Company has determined there is no risk of conflict of interest with general shareholders and has designated him as an Independent director.</p> <p>(2) There have been ongoing transactions involving the purchase of machines and equipment between the group companies of Nikon Corporation (where Mr. Ushida is currently serving as a Director and Chairman of the Board of Directors) and those of JSR Corporation. The values of such transaction in the current business year ending in March 2023 amounted to less than 0.1% of those of Nikon Corporation for the previous business year ending in March 2022.</p>	<p>Mr. Ushida is Director and Chairman of the Board of Directors of Nikon Corporation where he formerly served as President and Chief Executive Officer.</p> <p>He has vast experience in the corporate management of global company in the field such as imaging products and precision machinery and possesses the perspectives as independent outside personnel. He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the Board of Directors level, and to strengthen the Company’s fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby contributing further to the continuous enhancement of JSR Group’s corporate value. He is therefore appointed again as an outside director in the expectation that he will continue to make similar contribution.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee’s Name, Composition, and Attributes of Chairperson Updated

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee’s Name	Nomination Advisory Committee	Remuneration Advisory Committee
All Committee Members	5	6
Full-time Members	5	6
Inside Directors	1	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside director	Outside director

(1) Nomination Advisory Committee

- 1) The Company established the Nomination Advisory Committee of which majority members are outside directors and the chair of which is an independent outside director in order to ensure the transparency of the policy and procedures of nominating candidates for directors and audit & supervisory board members. For the Company's policy and procedures for nominating candidates for director and audit & supervisory board member, please refer to "[Principle 3-1 (iv)] Policy and procedures for electing/dismissing members of management and nominating candidates for director and audit & supervisory board member" under "1. Basic Views" of "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" of this Corporate Governance Report.
- 2) Composition of the Committee
In total 5 members consisting of 4 independent outside directors and 1 inside director. Tadayuki Seki, who is an independent outside director, serves as the chairperson.
- 3) Numbers, months, and attendance of the meeting in FY ending March 2023
The committee held in total 7 meetings in FY ending March 2023 (in April (twice), July, October, and November 2022 and in January and February 2023), and all of the members on the meeting date including the chairman attended all of the meetings

(2) Remuneration Advisory Committee

- 1) The Company has established the Remuneration Advisory Committee of which majority members are outside directors and the chair of which is a lead independent outside director in order to ensure the objectivity and transparency of its directors' remuneration framework.
- 2) The committee deliberates on matters such as establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of incentive remunerations, appropriateness of the level and composition of the remunerations, and determination of the amount of remuneration of each position based on the remuneration framework and others, and makes recommendations to the Board of Directors.
- 3) Composition of the committee
In total 6 members consisting of 4 independent outside directors and 2 inside directors with attendance of a third-party consultant as observer. Tadayuki Seki, who is an independent outside director, serves as the chairperson.
- 4) Numbers, months, and attendance of the meeting in FY ending March 2022
In total 7 meetings were held in FY ending March 2022 (in April(twice), May, July, November 2021 and in March 2022), and all of the members including the chairman attended all of the meetings.

[Audit & Supervisory Board Member]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Member Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Member	3

Cooperation among audit & supervisory board member, independent auditors and Internal Audit Departments
Updated

Audit & supervisory board members receive audit plans and reports on the implementation of audits from the independent auditors, exchange opinions on accounting matters as necessary, and discuss them, and then judge the appropriateness of the audit results obtained by the independent auditors. In addition, audit & supervisory board members confirm the balance of inventory and securities in cooperation with independent auditors.

Furthermore, audit & supervisory board members receive internal audit plans and reports of internal audit results as they arise from the Corporate Audit Department, which is independent from other business divisions and reports directly to the CEO and President, strengthen cooperation with the Corporate Audit Department by frequently exchanging opinions, and establish a framework that facilitates directors and employees reporting to audit & supervisory board members in a timely and appropriate manner. Consequently, audit & supervisory board members audit the execution of duties by directors and enforcement of internal control with a high degree of effectiveness.

The Corporate Audit Department, which is JSR's Internal Auditing Office, regularly presents internal audit plans and reports of internal audit results to the Board of Directors and Audit & Supervisory Board and exchanges opinions with them, thereby strengthening cooperation between the Board of Directors and the Audit & Supervisory Board and the Internal Auditing Office.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Member	2
Number of Independent Audit & Supervisory Board Member	2

Outside Audit & Supervisory Board Member'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
Junko Kai	Lawyer													
Takaaki Tokuhiro	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 Audit & supervisory board member 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 an audit & supervisory board member

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 audit & supervisory board member himself/herself only)

k Executive of a company, between which and the Company outside directors/ audit & supervisory board member are mutually appointed (the audit & supervisory board member himself/herself only)

- l Executive of a company or organization that receives a donation from the Company (the audit & supervisory board member himself/herself only)
- m Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2) Updated

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Junko Kai	Independent Audit & Supervisory Board Member	<p>(1) Ms. Kai meets the independence standards set forth by Tokyo Stock Exchange and the "Criteria for judging independence of outside directors and audit & supervisory board members", as set forth in "Matters relating to Independent Directors/Audit & Supervisory Board Member" in this report. Accordingly, the Company has determined there is no risk of conflict of interest with general shareholders and has designated her as an Independent Director.</p> <p>(2) No conflict of interest exists between the Company and Hamani, Takahashi and Kai Low Office where Ms. Kai has important concurrent positions.</p>	<p>Ms. Kai has a vast legal expertise and experience as a lawyer. She has been utilizing her vast experience, knowledge, and sophisticated expertise as well as her viewpoint as an independent outsider to audit the Directors' decision-making and execution of duties as well as to enhance fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company.</p> <p>Therefore, she has been appointed to serve as an outside audit & supervisory board member.</p>

Takaaki Tokuhiko	Independent Audit & Supervisory Board Member	<p>(1) Mr. Tokuhiko meets the independence standards set forth by Tokyo Stock Exchange and the “Criteria for judging independence of outside directors and audit & supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit & Supervisory Board Member” in this report. Accordingly, the Company has determined there is no risk of conflict of interest with general shareholders and has designated him as an Independent Director.</p> <p>(2) No conflict of interest exists between the Company and Tokyo Boeki Holdings Co., Ltd. where Mr. Tokuhiko has important concurrent positions.</p>	<p>Mr. Tokuhiko has range of professional knowledge and vast experience on financing and accounting matters as a Certified Public Accountant. He is expected to contribute his vast experience, knowledge, and sophisticated expertise, as well as his viewpoint as an independent outsider, to audit the directors’ decision-making and execution of duties, as well as to enhance fair and reasonable judgment for, and accountable and sound management of the businesses of the Company.</p> <p>Therefore, he has been appointed to serve as an outside audit & supervisory board member.</p>
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[Independent Directors/Audit & Supervisory Board Member]

Number of Independent Directors/Audit & Supervisory Board Members	4 independent directors and 2 independent audit& supervisory board members in total 6
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Matters relating to Independent Directors/Audit & Supervisory Board Member

1. The Company appoints all of the qualified outside directors and audit & supervisory board members as independent directors and audit & supervisory board members.
2. Criteria for judging independence of outside directors and audit & supervisory board members
The Company has set criteria for judging the independence of outside directors and audit & supervisory board members (hereinafter collectively or independently referred to as “outside officers” or “outside officer”). If an outside officer (including a candidate) falls under any of the following categories, the Company judges such person does not have sufficient independence.
 - (1) Executive (*1) of the Company or its consolidated subsidiary (JSR Group) or ex-executive
 - (2) Major shareholder of JSR (any shareholder who directly or indirectly holds 10% or more of the voting rights)
 - (3) Executive of a company, etc. that falls under any of the following
 - 1) Major shareholder of JSR
 - 2) Major business partner of the JSR Group (*2)
 - 3) Major creditor of the JSR Group (*3)
 - 4) Company, etc. in which the JSR Group holds 10% or more of the voting rights
 - (4) Certified Public Accountant who belongs to an accounting firm that serves as the JSR Group Independent Auditor

- (5) Expert, such as a consultant, accountant, lawyer, judicial scrivener, or patent agent, etc., who receives a large amount (*4) of monetary consideration or other property benefits from the JSR Group
- (6) Person who receives a large amount of donations from the JSR Group (*5)
- (7) Executive of a company, between which and JSR outside directors/audit & supervisory board members are mutually appointed (*6)
- (8) Person with a close relative (*7) who falls under any of the above paragraphs from (1) to (7) (limited to an important person (*8) excluding paragraphs (4) and (5))
- (9) Person who fell under any of the above paragraphs from (2) to (8) in the past five years
- (10) Person who is deemed to have special reasons that would cause a conflict of interest with JSR, notwithstanding the provisions of the preceding paragraphs.
 - (*1) Executive refers to a director (excluding either an outside director or non-executive director), an officer, an executive officer and an employee.
 - (*2) Major business partner refers to a company whose annual transactions with the JSR Group exceed 2% of the consolidated sales of JSR or such company.
 - (*3) Major creditor refers to a financial institution or other major creditor which is relied upon by the JSR Group to such an extent that it is indispensable and irreplaceable to financing of the JSR Group.
 - (*4) A large amount refers to: 10 million yen or more per year in case such expert is an individual; and 2% or more of annual total revenue of such organization in case such expert is an organization such as an enterprise or association. However, when a consideration for services directly offered by such expert exceeds 10 million yen, even if the amount does not exceed 2% of consolidated total assets of JSR or such financial institution, such amount is considered to be a large amount.
 - (*5) Person who receives a large amount of donations refers to a person who receives donations of 10 million yen or more per year from the JSR Group.
 - (*6) Mutually appointed relationship refers to a relationship in which an executive of the JSR Group serves as an outside officer of a company and an executive of such company serves as outside officer of JSR.
 - (*7) Close relative refers to a spouse and a relative within the second degree of consanguinity.
 - (*8) Important person refers to an executive including a director, officer, executive officer and a person in the position of general manager or higher or an executive who has authority equivalent to those persons.

3. Agreement for limiting liabilities

In accordance with the provisions of Paragraph 1 Article 427 of the Companies Act, the Company has entered into an agreement with its outside directors and all of audit & supervisory board members to limit liability under the provisions of Paragraph 1 Article 423 of the Companies Act. Regardless of the amount of liability, the maximum amount liable under the agreement in question shall be limited to that set by applicable laws and regulations; provided that such outside director and audit & supervisory board member (whether outside or not) must have acted in good faith and without gross negligence in performing his/her duties.

[Incentives]

Incentive Policies for Directors	Performance-based Remunerations and others
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Supplementary Explanation	Updated
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Remuneration for directors consists of a fixed basic remuneration, an annual bonus linked to the attainment level of business performance in each fiscal year, a performance-linked stock remuneration to be granted after the applicable period (hereinafter referred to as “Performance Share Units”) for the purpose of steadily implementing the medium-term management plan and business structural reforms which is planned to end in FY2024, and restricted stock shares (non-monetary remuneration) as remuneration designed to facilitate earlier sharing of corporate values between directors and the shareholders of the Company. In light of their roles, remuneration for outside directors and audit and supervisory board members consists of basic remuneration only.

Recipients of Stock Options	
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Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Details are individually disclosed in the annual securities report for a director whose remuneration etc. in aggregate exceeds JPY 100 million.
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Supplementary Explanation	<u>Updated</u>
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1. Amount of Remuneration for Directors and Audit & Supervisory Board Members (for FY ending March 2023)

Classification	Director		Audit & Supervisory Board Member	
	Number	Amount	Number	Amount
	(people)	(JPY million /year)	(people)	(JPY million /year)
Basic Remuneration (for outside directors or outside audit & supervisory board members)	13 (5)	351 (43)	4 (3)	54 (25)
Annual Bonuses to Directors for this fiscal term (ditto)	5 (-)	95 (-)	- (-)	- (-)
Mid-term Performance-linked Bonuses (ditto)	4 (-)	- (-)	- (-)	- (-)
Performance Share Units (ditto)	8 (-)	118 (-)	- (-)	- (-)
Restricted Stock Shares (non-monetary compensation) (ditto)	8 (-)	280 (-)	- (-)	- (-)
Total (ditto)	13 (5)	844 (43)	4 (3)	54 (25)

(Notes)

(The number of Directors and Audit & Supervisory Board Members and the amount of remuneration thereto given in the table above include five directors and one Audit & Supervisory Board Member who retired during the current fiscal year.)

(The above figures do not include the salaries for the employee portion of the Directors who concurrently serve as employees.)

(The above figures are rounded to JPY1 million.)

(The amount of performance share units paid as stated above is the amount recorded as expenses for the current fiscal year.)

(Performance Share Units consist of monetary and non-monetary compensation.)

(The amount of restricted stock compensation (non-monetary compensation) in the table above is the amount recorded as expenses for the current fiscal year based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution regarding the payment.)

(The Board of Directors has decided not to pay remuneration to one outside director who made a request that said remuneration not be paid. The outside director in question is not included in the above number of persons to be paid)

2. Consolidated Remuneration Amount for individual director

The Company discloses in its Securities Report details of the remunerations individually paid to its directors or audit & supervisory board members if the total amount was JPY 100 million.

The following table shows individual remuneration disclosed in its Security Report for FY ending March 2023

Name	Total amount of consolidated remuneration, etc. (JPY million)	Position	Company	Amount by type of consolidated remuneration (JPY million)			
				Basic Remuneration	Annual Bonuses	Performance Share Units	Restricted Stock Shares (non-monetary compensation)
Mr. Eric Johnson	598	Rep. Director CEO	JSR Corporation	73	33	77	229
		President	JSR North America Holdings, Inc.	76	33	77	-
Mr. Nobuo Kawahashi	146	Rep Director President	JSR Corporation	80	13	24	30

1. The amount of remuneration for Director Eric Johnson is based on the cost-sharing agreement between JSR Corporation and JSR North America Holdings, Inc.
2. Basic remuneration for Director Eric Johnson includes an amount equivalent to fringe benefits, etc.
3. Remuneration paid in US dollars is calculated using the average exchange rate (closing price on the Tokyo market) for FY2022 of 135.46 yen/\$.
4. The amount of performance share units is the amount expensed between the submitting company and JSR North America Holdings, Inc.
5. The performance share unit amounts consist of monetary and non-monetary compensation.

3. Annual Bonuses

Performance evaluation reference consists of consolidated annual revenue and core operating income on 50/50 basis and respective targets, results and payout ratio thereof are described in the tables below. Consolidated Revenue and Consolidated Operating Income in the tables below are expressed in JPY billion.

(1) Consolidated Business Results (Unit: JPY Billion)

	Performance Evaluation Reference		
	Target	Result	Payout Ratio
Consolidated Revenue	410.0	408.9	98.0%
Consolidated Core Operating income	57.5	34.0	0.0%

(2) Non-financial evaluation of annual bonus to CEO and President (10%)

Based on the content of the business report presented by CEO and President, the Remuneration Advisory Committee of the Company deliberated on the progress of company-wide initiatives for sustainability management and reported to the Board of Directors the result of its evaluation, which determined that the non-financial evaluation portion of the annual bonus to CEO and President shall be paid at a rate of 100%, after consultation with members of Remuneration Committee, who are an Independent Outside Directors.

(3) Portion related to individual performance of Managing Officers, Senior Officers and Officers (20 ~ 30%)

In order to evaluate the status of business execution comprehensively, the Representative Director and CEO (Eric Johnson) and the Representative Director, President and COO (Nobuo Kawahashi), who were delegated by the Board of Directors, calculated and made decisions based on the results of the five-point evaluation. However, in order to ensure that the delegated authority is properly exercised, the Remuneration advisory committee deliberates in advance on the pattern of payment amounts for each evaluation of such performance-linked portion, and the Board of Directors determines the standard amount for such portion.

4. Mid-term Performance-linked bonuses

Following approval at the 74th Ordinary General Meeting of Shareholders held on June 18, 2019, the Company's Board of Directors in FY2020 decided to pay the Company directors, excluding outside directors, medium-term performance-linked bonuses for a three-year evaluation period. The average consolidated ROE over a three-year period is used as a performance evaluation indicator, and a performance and the payout ratio according to the performance are as follows. With the exception of bonuses for which the performance measurement period had already started as of the 76th Ordinary General Meeting of Shareholders held on June 17, 2021, the Company has abolished the provisions on the amount of remuneration related to medium-term performance-linked bonuses.

Changes in Consolidated annual ROE ratio

FY Mar 2021	FY Mar 2022	FY Mar 2023
-15.1%	10.5%	4.3%

3-Year Average of Consolidated annual ROE

Fiscal Years From - to	Target	Actual	Payout Ratio
FY Mar 2021- FY Mar 2023	10%	-0.1%	0%

	Range of Payout Ratio corresponding to the actual ROE of the most recent 3years' average				
Actual ROE average	less than 6%	6% or more	8%	10%	12% or more
Payout Ratio	0%	50%	50%	100% (target)	150%

Payout Ratio is 50% when actual ROE average is between 6% and 8% and is calculated proportionately in accordance with the above table when actual ROE average is between 8% and 12%.

Policy on Determining Remuneration Amounts and Calculation Methods Updated

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(1) Principles on remuneration for directors and audit & supervisory board members

- 1) In order to maintain the competitive advantages of JSR Group as a global company, the Company has established principles on remuneration for directors and audit & supervisory board members which enables the Company to develop and recruit internationally competitive and diverse human resources capable of managing the businesses, and to provide short, mid, and long term incentives for its directors that are aligned with the benefit of its shareholders, and to encourage and motivate its management, while maintaining the transparency and accountability, to achieve accomplishment of the management strategies and business strategies of the Company. Remuneration framework should:
 - a attract, secure, and reward diverse and excellent personnel regardless of nationality for the purpose of further enhancing and improving its competitive advantages and global management;
 - b encourage the management to demonstrate healthy entrepreneurial spirits by motivating them to achieve the objectives of business strategies aiming at continuous growth; and
 - c promote medium to long term improvement in corporate value by sharing the benefit between management and shareholders via the reinforcement of stock ownership during his/her term of office as directors.

(2) Remuneration Governance

- 1) Procedures for determining remuneration, etc.

In relation to remuneration for the directors, the Board of Directors (referred to as "BOD" in this section) deliberates and determines the policies of remuneration for directors, remuneration framework, and amount of remuneration for individual directors.

In order to ensure independence and objectivity during deliberation and decision-making processes at the BOD mentioned above and to enhance monitoring function and accountability of the BOD, the Company established the Remuneration Advisory Committee as an advisory body for the BOD.

- 2) Items for deliberation and reports by the Remuneration Advisory Committee

The Remuneration Advisory Committee, upon an inquiry from the BOD, deliberates the remuneration of the eligible persons and related items as listed below and reports the result to the BOD, or provides the Audit & Supervisory Board with advices.

Eligible persons for remuneration:

Inside directors (including representative directors and executive directors), outside directors, audit & supervisory board members, officers, executive advisors, senior advisors and other important employees

Items for deliberation

Establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of incentive remunerations, appropriateness of the level and composition of the remunerations, and determination of the amount of remuneration of each position based on the remuneration framework and others

3) Composition of the Remuneration Advisory Committee and attributes of Chairperson

The Remuneration Advisory Committee consists of at least 3 committee members, and more than half of the members shall be independent outside directors, of which chairperson shall be elected from Independent outside directors by resolution of the BOD in order to ensure independence, objectivity, and accountability as well as effectiveness of the Remuneration Advisory Committee.

In addition, Willis Towers Watson as a third-party consultant, specialist in this field, and staff members for the committee also attend the Remuneration Advisory Committee meetings as observers.

(3) Remuneration framework of the Company

1) Remuneration Structure

Remuneration for directors consists of a fixed basic remuneration, an annual bonus linked to the attainment level of business performance in each fiscal year, a performance-linked stock remuneration to be granted after the applicable period (hereinafter referred to as “Performance Share Units”) for the purpose of steadily implementing the medium-term management plan and business structural reforms which is planned to end in FY2024, and restricted stock shares (non-monetary remuneration) as remuneration designed to facilitate earlier sharing of corporate values between directors and the shareholders of the Company. In light of their roles, remuneration for outside directors and audit and supervisory board members consists of basic remuneration only.

	Type of Remuneration	Time of Payment or Granting	Summary of AGM Approval
Fixed Salary	Basic Remuneration	Monthly Payment	<p>Directors: Up to 60 million yen per month (including 10 million yen for outside directors) (Resolved at the 74th Ordinary General Meeting of Shareholders held on June 18, 2019. The number of Eligible Directors as of the conclusion of the meeting is nine (5 internal directors and 4 external directors).</p> <p>Audit & supervisory board members: Up to 10 million yen per month. (Resolved at the 60th Ordinary General Meeting of Shareholders held on June 17, 2005. The number of eligible Audit & Supervisory Board Members as of the conclusion of the meeting is four (3 full-time audit & supervisory board members and 1 outside audit & supervisory board member).</p>

Performance Linked Remuneration	Annual Bonus	Payment at a fixed time every year	The maximum annual amount for directors excluding outside directors is JPY432 million (Resolved at the 74th Ordinary General Meeting of Shareholders held on June 18, 2019. The number of Eligible Directors as of the conclusion of the meeting is five (only internal directors)).
	Performance share unit	In principle, units shall be granted in FY 2021, and shares and money shall be provided in a lump sum after the end of the Performance Evaluation Period.	<ul style="list-style-type: none"> ✓ Maximum amount of monetary compensation claims and total amount of money: Number of fixed share units 800,000 x share price at delivery for target period ✓ Maximum number of shares to be granted: 400,000 shares for target period (Resolved at the 76th Ordinary General Meeting of Shareholders held on June 17, 2021. The number of Eligible Directors as of conclusion of the meeting is five (only internal directors)).
	Remuneration for granting Restricted Stock Shares	Payment at a fixed time every year	<ul style="list-style-type: none"> ✓ Up to 400 million yen per year and up to 400,000 shares per year ✓ The lifting of the transfer restriction is a period of up to 3 ~ 30 years determined in advance by the Board of Directors. In addition, if resignation, etc. occurs for justifiable reasons determined by the Board of Directors during the transfer restriction period. (Resolved at the 76th Ordinary General Meeting of Shareholders held on June 17, 2021. The number of Eligible Directors as of the conclusion of the meeting is five (only internal directors)).

2) Appropriateness of the remuneration level of the Company

When considering the abovementioned remuneration structure and composition thereof, the Remuneration Advisory Committee verifies the appropriateness of the level of remuneration through annual benchmarking study by using the remuneration database possessed by a third-party consultant specialized in remuneration for executives and by comparing with the companies whose size, type, and line of business are similar to those of the Company.

In addition, when determining the composition of performance-linked remunerations and other remuneration for the director who is responsible for overseeing and managing the Company's international businesses, the Remuneration Advisory Committee verifies the appropriateness of remuneration level for such director through another annual benchmarking study using a method similar to the one described above and using the survey data on remuneration prevailing in the region where such director are responsible for as well as considering each director's job responsibilities and the magnitude of impact on management of the JSR Group.

3) Remuneration composition for directors (excluding outside directors)

The Company has a policy to increase the portion of performance-linked remuneration for directors who assume heavier responsibilities for corporate management. Based on this policy, the Company determines the level of remuneration for directors depending on their responsibilities and title considering the latent risks involved in achieving performance targets while increasing the portion of performance-linked remuneration for senior directors. The Company determines the remuneration composition for CEO, who concurrently oversees the businesses in North America by using a survey results by an outside specialist institution on level, composition and mixture for directors' remuneration prevailing in the region where the director in question is responsible for.

The table below shows each remuneration composition when basic remuneration is set at 100 and the standard amount of the performance-linked remuneration is set when a target has been achieved 100%.

		Basic remuneration	Performance-linked remuneration			Basic remuneration vs. performance-linked remuneration
			Annual bonus	Performance Share Unit (Per fiscal year)	Restricted Stock Shares	
Directors (excluding Outside Directors)	CEO and President	100	100	200	200	100 : 500
	Concurrently serve as Managing Officer / Officer/ Officer	100	25	About 23	About 23	100 : 70

* Each of Managing Officers, Senior Officers and Officers who hold concurrent positions as directors receives an allowance separately from the remunerations described in the table above. In addition, when Managing Officers and those below have the right of representation, an additional director allowance is provided separately.

(4) Outline of each remuneration and its determination method

1) Basic remuneration

- a Based on the deliberations and recommendations of the Compensation Advisory Committee, the basic compensation of directors is determined by resolution of the Board of Directors in accordance with their positions.
- b The amount of remuneration for audit & supervisory board members is determined through consultation with audit & supervisory board members.

2) Annual bonuses

- a The Company uses consolidated sales revenue (= a source of its corporate activities) and consolidated core operating profit (= shows the quality of its core business activities) as the performance evaluation indices (KPI) for annual bonuses linked to the performance of the Company for a single fiscal year (50:50 ratio).
- b The Company calculates a payout ratio according to the level of achievement relative to its goal related to each KPI within the range of 0 – 200%. As for the performance goal, it is finalized at a Board of Directors meeting after the Remuneration Advisory Committee has verified its adequacy. At the end of a fiscal year, the Remuneration Advisory Committee calculates and evaluates the amount of payment, and the Board of Directors determines the standard amount of the payment for each position.

The target range of performance and payout ratio of annual bonuses for FY2024

Payout ratio	Range of payout ratio according to the level of achievement relative to performance goal		
	0%	100% (goal)	200%
Consolidated sales revenue	JPY 375.7 billion or lower	JPY 442.0 billion	JPY 508.3 billion or higher
Consolidated core operating profit	JPY 29.4 billion or lower	JPY 42.0 billion	JPY 54.6 billion or higher

(Note) The payout ratio is calculated proportionately within the range of 0% - 200% according to the actual amount based on each performance evaluation index.

- c The level of achievement relative to its performance goal is deliberated after being finalized based on annual management activities report that the CEO and President have submitted to the

Remuneration Advisory Committee. In order to calculate and evaluate the amount of performance-linked remuneration, the Remuneration Advisory Committee deliberates on whether the Company's operating results have been largely affected by events that cannot be foreseen when the Company has set each target performance value based on the annual management activities report. The Remuneration Advisory Committee reports the need of qualitative adjustment of the level of achievement to the Board of Directors if necessary.

- d For the CEO and President, in addition to the company-wide performance-linked portion described in (b) above (90%), a non-financial evaluation portion (10%) has been established for the progress of company-wide sustainability management initiatives. The non-financial evaluation portion is deliberated by the Remuneration Advisory Committee, and the amount of payment for the non-financial evaluation portion is determined by the Board of Directors within the range of 0% to 200%, reflecting the evaluation results by the Committee.
- e The annual bonuses for directors concurrently serving as Managing Officer, Senior Officer and Officer consist of the part linked to the performance of the entire company (70-80%) described in above b and the other part linked to the individual performance (20-30%). As for the part linked to the individual performance, the CEO and President (Eric Johnson) finalizes the result of 5 levels of evaluation for the part linked to the individual performance, which has already been deliberated and confirmed by the Remuneration Advisory Committee. The amount of payment linked to the individual performance is determined within the range of 0%-200% by reflecting the result of the evaluation. The Remuneration Advisory Committee deliberates the pattern of payment amount by evaluation in advance, and the Board of Directors determines its standard amount.

3) Performance Share Unit

- a Aiming to steadily implement the medium-term management plan and business restructuring with fiscal 2024 as the final year, the Performance Share Unit Performance Indicator (KPI) is the average of consolidated ROE (return on equity attributable to owners of parent) for fiscal 2023 and 2024, which is a management efficiency indicator emphasized by the Company.
- b The payment rate is calculated in the range of 0% to 200% according to the degree of achievement of performance targets related to KPIs, as shown in the table below. With regard to business performance targets, the Board of Directors decided based on a report from the Compensation Advisory Committee that the Company should set a consolidated ROE of at least 10% for fiscal 2023 and 2024 as the target average of 10%.

Range of consolidated ROE results and unit payout ratios during the Performance Evaluation Period from FY ending March 2022 to 2025

ROE	Less than 6%	6% or more	8%	10%	12%	14% or more
Unit payout ratios	0%	50%	50%	100% (Target)	150%	200%

※ Payout ratios between 6% and 8% ROE are 50%; payout ratios between 8% and 14% ROE are prorated

- c After the attainment level of performance targets has been determined, the number of the Company shares to be granted to each Eligible Director and the amount of money to be granted shall be determined by multiplying the base number of stock units granted in accordance with the position and length of service of each Eligible Director by the payment rate in accordance with the attainment level of performance targets (the payment rate varies from 0% to 200%) by a resolution of the Board of Directors based on deliberations and recommendations by the Compensation Advisory Committee. Out of the number (Number of fixed share units) obtained by multiplying the base number of share units for the Company shares granted to each Eligible Director above by the payment rate determined after the performance evaluation period ended, 50%, in principle,

shall be provided with monetary compensation claims for the issuance of the Company shares, and the remaining amount shall be appropriated to tax funds.

- d The total amount of such monetary compensation claims and such monies shall be the amount obtained by multiplying the number of fixed stock units by the closing price of the Company shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company with respect to the issuance of shares concerning the allotment of the Company shares after the end of the performance evaluation period or the disposal of treasury shares (hereinafter referred to as "Stock Price at Delivery").
- e The specific calculation formula is as follows.

(A) Number of the company Shares to be Delivered to Each Eligible Director

Base number of stock units x Pay-out rate x 50%

(B) Amount of money to be paid to each Eligible Director

{(Base number of share units x pay-out rate - number of the company shares according to (A) above)}
x Stock price at delivery

(C) Monetary compensation claims and total amount of money to be paid to each Eligible Director

Number of fixed stock units (※ 1) x stock price at delivery

※ 1 Base number of stock units x Pay-out rate

4) Remuneration for granting restricted Shares

- a For the purpose of promoting the sharing of value with shareholders by holding shares of the Company, the Company pays remuneration for granting restricted shares every year. Each year, Eligible Directors are granted monetary compensation claims to grant restricted shares, and Eligible Directors receive issuance or grant of the company shares by paying all of the monetary compensation claims as assets contributed in kind.
- b The number of shares to be allotted to Eligible Directors is determined by dividing the threshold amount determined in accordance with the position of the Eligible Directors pursuant to a resolution of the Board of Directors based on deliberations and recommendations by the simple average closing price for one month prior to the granting of shares of the Company on the Tokyo Stock Exchange. In addition, the amount to be paid in per share shall be the closing price on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors, within a range that is not particularly advantageous to Directors who subscribe for the Company's common shares under the Compensation Plan.
- c The transfer restriction shall be lifted for a period from 3 years to 30 years as determined in advance by the Board of Directors, and the transfer restriction shall be lifted in case of resignation for a justifiable reason specified by the Board of Directors during the transfer restriction period.
Restricted stocks do not have performance conditions, but are linked to corporate value.

5) Share holding guidelines

In order to achieve persistent value sharing with all stakeholders by promoting sustainable management with the aim of creating value through corporate activities, the Company has established shareholding guidelines for the Representative Director CEO and President, and under the guideline, the Representative Director CEO and President aim to hold the Company Shares continuously at a market value equivalent to a base amount corresponding to their position during their term as a director in principle. The base amount for the Representative Director CEO and President is five times the total annual Basic Remuneration.

6) Prescription of Malus-Clawback clause

In order to restrain the director remuneration framework of the Company not to be the incentive remuneration that would encourage excessive risk-taking to ensure the soundness of the director remuneration framework, the Company has prescribed a clause under which all, or part, of the incentive remuneration shall be returned or forfeited (so-called malus and clawback clause) under a decision of the Board of Directors following deliberations by the Remuneration Advisory Committee, regardless of pre-or post-payment/delivery, when certain events occur, such as illegal conduct or retroactive revisions to financial statements through accounting malpractice. This clause applies to annual bonuses, restricted stock, performance share units, and medium-term performance-linked bonuses*. onward. (* Applies only to the bonus linked to 3 years from FY 2020 to FY 2022 for which the performance evaluation period has already started)

*The above "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" is stated based on the policy in FY2023.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Member]

The company secretary explains items on the agenda to outside directors before a regular or extraordinary Board of Directors meeting as well as to outside audit & supervisory board members. Prior to the Remuneration Advisory Committee meeting, the Secretariat of the Committee explains the content of proposals to outside directors who are members of the Committee.

The Company appoints a dedicated member of staff as an assistant to audit & supervisory board members including outside members and has such assistant support audits and collect and transmit information. The company secretary explains to audit and supervisory board members items on the agenda before a regular or extraordinary Board of Directors meeting. In addition, the standing audit & supervisory board member provides outside audit & supervisory board members with information on the Company as necessary as well as with reports on important matters and on the progress and results of the audits at the Audit and Supervisory Board meetings.

[Status of Persons retired from office of President & Representative Director, etc.] Updated

Names, etc. of Senior Advisors, Advisor, etc. who was the President or Representative Director, etc.

Name	Title/Positions	Job description	Working arrangements / conditions etc.	Date of Retirement from office of President	Term of Office
Mr. Tatsuo Asakura	Special Advisor	To provide advices when asked but not involved in any management decisions of the Company	Part time with remuneration	June 29, 1993	1 year
Mr. Nobuo Kawahashi	Executive Advisor	To provide information and advices asked by management personnel, but not involved in any management decisions of the Company	Full time with remuneration	June 16, 2023	1 year

Total Number of Senior Advisor, Advisor, etc. who was President & Representative Advisor	Two (2) persons
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Other matters

Existence of internal regulations relating to Advisors, and involvement of Board of Directors and/or Nomination Advisory Committee in the event of revision of the regulation and/or the appointment of such advisors; Yes

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

As a company with audit & supervisory board, the Company principally monitors and oversees the execution of duties through its Board of Directors and audit & supervisory board members.

The Company continuously has strengthened the function of management supervision, improved efficiency in decision making and execution of business duties, and enhanced the transparency and soundness of its business management through the introduction of an officer system and the appointment of outside directors and audit & supervisory board members, who are independent from the Company and have extensive business experience and a high level of expertise.

The Company has registered at Tokyo Stock Exchange four (4) independent directors out of nine (9) in total and two (2) independent audit & supervisory board members out of three (3) in total, who have been greatly contributing to enhance rationality, legitimacy and transparency of management decisions by offering advice and opinions from a neutral standpoint independent from the Company utilizing extensive business experience and high level of expertise.

In addition, the Company has been endeavoring to enhance the transparency of business management by actively disclosing information and aggressively conducting IR activities for investors in a timely and appropriate manner.

Furthermore, the Company has provided shareholders with opportunities to express their trust and evaluations to the Board of Directors by way of electing directors at its annual general meeting of shareholders. At the same time, the Company has endeavored to make its annual general meeting of shareholders easy to attend and participate by holding the meeting and dispatching convocation notice thereof earlier than other companies, and participating in the electronic voting platform.

(1) Board of Directors

The Board of directors consists of nine (9) directors four (4) of whom are independent outside directors with independence and extensive experience of business and management) and holds meetings once monthly, in principle. The Board discusses and makes decisions on important business matters, including the direction of the Company's business strategy, and also supervises directors' and officers' execution of their business duties. Seiji Takahashi, who is a Director and Managing Officer, serves as the board's chairperson.

In addition, all three (3) audit & supervisory board members including two (2) independent outside audit & supervisory board members regularly attend the Board of Directors meetings to state their opinions. In total 17 meetings were held in fiscal year 2022 ending in March 2023, of which attendance ratio was 100% (all of the members of directors and audit and supervisory board members attended all of the meetings).

the Company has established the Remuneration Advisory Committee and Nomination Advisory Committee as an advisory organization to Board of Directors. For the details of the committees, please refer the "Supplementary Explanation" of "Voluntary Establishment of Committee" under [Directors] of "1. Organizational Composition and Operation" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" of this Corporate Governance Report.

(2) Executive Committee

In order to speed up the decision-making process and improve the efficiency of business operations, the Executive Committee, consisting of the CEO and President, and officers or general managers appointed by the CEO and President, meets once a week as a rule to discuss and give direction to matters relating to the Group's fundamental management initiatives, management policies and management plans, along with important matters concerning the execution of business activities at each business division, or to receive reports. Of the matters deliberated by the Executive Committee, important items are passed to the Board of

Directors, while the rest are decided on by the CEO and President after deliberation by the Executive Committee. A standing audit & supervisory board member also participates in the meeting.

(3) Business Issues Committee

The Business Issues Committee, consisting of the CEO and President, and officers appointed by the CEO and President, meets once a month as a rule to hold broad-ranging discussions on the Group's fundamental management strategies and policies, basic policies behind specific projects, and changes to business strategies. By sharing information and a common understanding of such matters, it also holds discussions on the direction of the company and reflects these in the deliberations of the Board of Directors and the Executive Committee.

(4) Officers Committee

This committee, consisting of the CEO and President and all officers, aims to ensure members' thorough understanding of business conditions and important business matters. Standing audit & supervisory board member also attends the committee's meetings.

(5) Audit & Supervisory Board and audit & supervisory board members

The Audit & Supervisory Board, consisting of three (3) audit & supervisory board members and holding meetings once monthly in principle as stipulated in the Regulations of the Audit & Supervisory Board, receives reports on important matters, holds discussions, and makes decisions. The two (2) outside audit & supervisory board members are independent ones, a lawyer and a certified public accountant, and conduct audits from a standpoint independent from the Company and by using their professional expertise.

In accordance with standards for audits by audit & supervisory board members, the audit & supervisory board members attend meetings of the Board of Directors, and other important meetings including Executive Committee meetings to monitor how important decisions are reached and business activities are executed. The audit & supervisory board members also receive reports from the independent auditors, directors, and employees. Through these activities, audit & supervisory board members hold deliberations in order to form auditing opinions.

(6) Outline of Audit by audit & supervisory board members, Internal Audit, and Independent Auditors

1) Audit by audit & supervisory board members

The details of audit by audit & supervisory board members are stated as in the above (5) Audit & Supervisory Board and audit & supervisory board members.

2) Internal Audit

The Company has established the Corporate Audit Department to improve the effectiveness of the JSR Group's internal control system. In accordance with the internal audit plan, the Corporate Audit Department regularly conducts internal audits such as compliance audits and business operation audits at its divisions and departments as well as its Group companies both in Japan and overseas and reports the audit results to the CEO and President, related departments, and the standing audit & supervisory board member and also regularly reports internal audit plans and reports of internal audit results to the Board of Directors and Audit & Supervisory Board.

3) Independent Auditors

a The Company's independent auditor is KPMG AZSA LLC.

b Three (3) certified public accountants, Iwao Hirano, Toshiyuki Tamura, and Tatsuo Utsugi, conducted the accounting audit. The professional staff included four (4) certified public accountants, etc.

c The audit & supervisory board members work closely with the independent auditors. The audit & supervisory board members interview the independent auditors about the audit plan and receive reports on the audit results. Furthermore, the audit & supervisory board members and independent auditors exchange information and opinions as necessary in the course of each fiscal year.

d In FY ending March 2023, the Company paid remuneration to KPMG AZSA LLC, its independent auditors, as follows:

- Amount of remuneration for services stipulated in Article 2 Paragraph 1 of the Certified Public Accountants Act: JPY 92 million
- Total remuneration to be paid by the Company and its subsidiaries: JPY 116 million

(7) Sustainability Promotion Committee

In order to establish good relationships with various stakeholders and to become a company that is trustworthy and indispensable, the JSR Group has established the “Sustainability Promotion Committee” (SPC) with the purpose of promoting sustainability activities that contribute to all stakeholders by creating value through corporate activities. The SPC has been established as a cross-functional meeting body chaired by the CEO and President of the Company to facilitate the practical implementation of sustainability activities. The SPC is a meeting body that deliberates and coordinates sustainability-related matters, including the Sustainability Action Policy, in light of domestic and international developments related to ESG and the SDGs. Made up of the executive officers in charge of corporate planning, production engineering, procurement & logistics, quality assurance, environment & safety, R&D, human resources development, accounting, finance, public relations, general affairs, legal & compliance, systems strategy, cyber security management, sustainability promotion, diversity promotion, the digital solutions business, the life sciences business, and the plastics business, it operates so as to cover every functional department and business division of the JSR Group. There are four committees operating under the SPC: the Sustainability Planning Committee, the Environment, Safety, and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee. The SPC oversees and guides the activities of these four committees, and endeavors to strengthen and promote management through regularly scheduled meetings held, in principle, four times a year, as well as extraordinary meetings. Reports of the SPC’s activities are also made to the Board of Directors.

(7)-1 Sustainability Planning Committee

The Group believes it must further promote sustainability initiatives in response to changes in the environment and continue to provide value to all stakeholders. This thinking was the basis for its establishment of the Sustainability Planning Committee, which is chaired by the officer in charge of Sustainability Promotion. The Committee discusses and promotes sustainable corporate activities, such as organizing CSV (Creating Shared Value) activities in cooperation with business divisions and responding to global warming countermeasures and efforts to build a recycling society. As a particularly noteworthy activity, the Committee is planning, developing, and promoting responses to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), for which the Company announced its support in October 2020. Based on the JSR Group’s “Basic Approach towards Social Contribution”, the Committee has examined new activities and advanced social contribution activities.

(7)-2 Environment, Safety and Quality Committee

In accordance with the JSR Group’s belief that it is our responsibility as a company to make sustainable development possible, we are engaged in environmental, safety, and quality activities based on Responsible Care. Recognizing environment, safety, and quality as an essential foundation for our business activities, the Group has established the Environment, Safety and Quality Committee, chaired by the officer in charge of Safety and Environment Affairs / Quality Assurance, to effectively promote group-wide activities for environment, safety, and quality.

The Committee has approved plans in the fields of environment, safety and quality, assessed and verified the results of these activities, and is working to eliminate accidents and disasters, reduce burdens on the environment, and maintain and improve the level of chemical goods management and product safety.

To earn the trust of our customers and the confidence of local residents, we disclose information about our activities and results on the Group’s Sustainability website.

(7)-3 Risk Management Committee

The JSR Group regards preventing a serious crisis from occurring and minimizing influence on its business activities if a serious crisis occurs as an important issue for business management. Therefore, the Group has

stipulated the Risk Management Policies and established the Risk Management Committee, in which the officer in charge of Corporate Planning serves as the chairperson. The Risk Management Committee has continuously improved the Group's policy and plans to deal with a crisis or a potential crisis.

(7)-4 Corporate Ethics Committee

The Company and the JSR Group have provided the JSR Group Principles of Corporate Ethics as a code of conduct to accomplish responsibilities to stakeholders, one of the management policies to promote the realization of the corporate mission. The Group has established the Corporate Ethics Committee, in which the officer in charge of General Affairs serves as the chairperson, to conduct and advance our corporate ethics efforts.

The Corporate Ethics Committee has been endeavoring to ensure all parties understand its action guidelines to be obeyed in daily corporate activities in the JSR Group. It has also confirmed regularly that all officers and employees comply with the guidelines and continuously improved them. In addition, the Group has introduced hotlines as part of its whistleblower system: an internal hotline for employees (calls are transferred to the Corporate Ethics Committee), two external hotlines for employees (calls are transferred to either lawyers or a third party who are specialized in such services and can respond in English, Chinese, Korean, and Thai) and an external hotline for business partners.

(8) Corporate lawyer

The JSR Group may seek necessary legal advices during the course of management of the company or proceeding with day to day businesses from relevant lawyers.

The following are the activities made in FY ending March 2023 for enhancement of corporate governance of the JSR Group.

- (1) The JSR Group has published the "JSR Group Sustainability Website" to report to our stakeholders on the Group's sustainability activities. We also publish an annual "JSR Group Sustainability Report," which is available as a PDF file on the Sustainability Website. Both are provided in Japanese and English.
- (2) In order to further enhance activities relating to corporate ethics, the Company has established "the JSR Group Principles of Corporate Ethics" as its code of conduct to be globally relied upon. The Company has distributed the brochures thereof written in Japanese, traditional and simplified Chinese, Korean and Thai to its employees of the JSR Group on global basis. As for education on the JSR Group Principles of Corporate Ethics, the Company provided educational sessions for newly appointed managers, new recruits, or on similar occasions as well as e-learning for all employees of JSR Group companies in Japan. In addition, the global JSR Group companies have been carrying out an annual survey to monitor its employees' awareness and behaviors relating to corporate ethics on global basis, and the results and findings of which are examined and used for improvement in corporate culture and corporate ethics.
- (3) The Company has established BCM Regulations that summarize the BCM/BCP systems for both routine and contingency operations. These regulations stipulate the organizations and operational systems that govern BCM, target recovery times for BCP, BCP activation and termination criteria, organizational structure at the time of BCP activation, and important operations. In the response to COVID-19, the Group, as a member of the materials industry that supports the world's key industries, worked to ensure the continuation of its own economic activities so that it could safely carry out corporate operations, including the maintenance of working environments at each of its business sites. In response to the tightening of sanctions and regulations in various countries following Russia's invasion of Ukraine, we confirmed the impact on the Group's supply chain, including raw material procurement and transportation in Japan, Asia, Europe, and the United States, as well as on our customers, took measures to support our employees stationed in Europe and their families, and, in response to the increased risk of cyber attacks, alerted employees of the Group and conducted response exercises.

Going forward, we will continue to respect the cultural differences and unique attributes of each of our business locations around the world, and strive to implement crisis management and business continuity by ensuring centralized information management to facilitate appropriate action.

- (4) The Company has been promoting since FY2009 unique risk management activities under the Risk Management Committee by regularly identifying and evaluating the potential risks and studying counter measures thereto at every business department in both domestic and overseas inclusive of Group companies. As for the risk which potentially represents material adverse effect on business continuity, the Company designated such risk as “JSR Group Major Risk” and has been, under the supervision of Sustainability Promotion Committee and Risk Management Committee, endeavoring to minimize the impact of such risks.
- (5) Environmental and safety audits are conducted on a scheduled basis by an audit team formed by the overseeing department at head office, with a focus on manufacturing group companies in Japan and overseas. Each fiscal year, we determine the key points for audit, and the audit program is tailored to the roles and risks of the principal department (environment, safety, and facilities) and the site (manufacturing, research, etc.). Furthermore, on the last day of the audit, a dialogue meeting between the President and employees, as well as discussions on key issues with each business site, are held to improve the effectiveness of the audit. Since FY2022, this system has been rolled out to life science business sites that are not part of manufacturing companies, as well as to new business sites.
- (6) In order to raise awareness of compliance, the Company has produced a Compliance Handbook and distributed it to employees of domestic and overseas group companies. In addition, we have established a mechanism to check and improve the state of legal compliance at the Company and our group companies in Japan and overseas, regularly checking the status of compliance every year and making improvements as necessary. Moreover, priority measures are taken to ensure compliance with laws and regulations that are of particular importance to the performance of business operations, such as the establishment of individual legal compliance systems.
- (7) As part of our efforts to prevent insider trading, we have established two sets of company rules, “Rules for Prevention of Insider Trading by Directors and Officers” and “Rules for Prevention of Insider Trading by Employees of the JSR Group,” and provide internal education on prevention of insider trading through e-learning for directors and employees, as well as through induction training for new employees. These company rules require executives and employees to give advance notice before buying and selling the Company’s shares, etc., and the officer in charge of compliance deliberates on whether or not to request discontinuation of trading of the Company’s shares.

3. Reasons for Adoption of Current Corporate Governance System

The Company is a company with audit & supervisory board. The Company believes that its corporate governance works effectively due to the following reasons:

The Company pursues its basic policies and enhances the structures for corporate governance as stated in “[Principle 3-1 (ii)] The Company’s basic approach towards and policy on corporate governance” in “Disclosure Based on the Principles of the Corporate Governance Code” under “1. Basic Views” of “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” of this Corporate Governance Report while also steadily executing its various commitments to shareholders and other stakeholders.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company dispatched the convocation notice and meeting materials for ordinary general meeting of shareholders on May 25, 2023, 22 days prior to the date of the meeting. In addition, the Company disclosed via internet the contents of the convocation notice and meeting material 6 days prior to the date of dispatching such materials.
Scheduling AGMs Avoiding the Peak Day	Ordinary general meeting of shareholders for FY ending March 2023 was held on June 16, 2023.
Allowing Electronic Exercise of Voting Rights	The Company has allowed its shareholders to exercise voting rights by electronic means since 2004. In addition, the Company has adopted an online voting system using smartphones to provide individual shareholders with convenience for exercising voting rights since 2020.
Participation in Electronic Voting Platform	The Company has been participating in the Electronic voting Platform for institutional investors since 2006.
Providing Convocation Notice in English	The Company provides the convocation notice of an ordinary general meeting of shareholders both in Japanese and English on its website, the above-mentioned electronic voting platform, and website prepared by TSE.
Other	<p>As for convocation notice and other documents prepared for its ordinary general meeting of shareholders, the Company has endeavored to enhance the contents by providing information on its products and mid-term business policy in addition to those required by law and to make the documents easy to understand by using color graphics and pictures. (Available only in Japanese at present)</p> <p>The Company makes efforts to provide presents its business report by audio visual presentation as well as presentation by CEO or the president on its mid-term business policy at its ordinary general meeting of shareholders. However, at the 78th ordinary general meeting of shareholders held in June 2023, the Company sent a video message from Mr. Eric Johnson, Representative Director and CEO to shareholders. The Company also live-broadcasted the meeting, of which notice was sent to the registered shareholders of the Company.</p>

2. IR Activities Updated

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company formulated its disclosure policy to further enhance the reliability of its disclosures and discloses the policy in its web site.
Regular Investor Briefings for Individual Investors	The Company explains the outline and latest performance of the Company by updating the contents of its website and by posting IR movies presented and explained by the CEO and President, or the officer in charge of IR on the Company website. In FY2022, the officer or person in charge of IR held eight online briefings for individual investors.
Regular Investor Briefings for Analysts and Institutional Investors	Regular financial results briefings are held for analysts and institutional investors four times a year (fiscal year, mid-year, and two quarters), with Japanese-English interpretation provided. A briefing by the CEO and President on the mid-term plan is given once a year. We also hold information sessions on our businesses for analysts and institutional investors, with Japanese-English interpretation provided. In FY2022, we conducted an information session on the life sciences business. Each of these sessions saw many analysts and institutional investors take part.
Regular Investor Briefings for Overseas Investors	Every year, the CEO and President and/or an officer in charge of IR goes to investors in North America, Europe, and Asia to hold briefings. In terms of outreach to overseas investors in FY2022, we participated in conferences hosted by securities firms, etc. in Asia, and held roadshows in the United States. We also used the internet to conduct small meetings for overseas investors..
Posting of IR Materials on Website	IR materials posted on the Company's website include: business performance, IR information video (in which the CEO and President and the CFO appear), presentation materials, securities reports, interim reports, the mid-term business policy, integrated reports and Sustainability reports. The Company issues integrated report "JSR Report". JSR Report contains financial information including management strategies and non-financial information including matters relating to the environment and society, with reference to the disclosure framework of the International Integrated Reporting Council (IIRC) and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation. Please refer to the following URL to understand IR of the Company https://www.jsr.co.jp/jsr_e/ir/
Establishment of Department and/or Manager in Charge of IR	Mr. Kenichi Emoto, director and Officer is the officer in charge for IR and Ms. Yoshiko Takeda, General Manager, Corporate Communication Department, is responsible for communication related to IR with support from Finance Department for regular IR activities.
Other	In FY ending March 2006, the Company formulated its disclosure policy to enhance the reliability of its disclosures.

3. Measures to Ensure Due Respect for Stakeholders Updated

Supplementary Explanations	
Stipulation of Internal Rules for Respecting the Position of Stakeholders	As stated in “(3) Relationship with stakeholders” of “[Principle 3-1 (ii)] the Company’s basic approach towards and policy on corporate governance” under [Disclosure Based on the Principles of the Corporate Governance Code] in “1. Basic Views” of “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” of this Corporate Governance Report.
Implementation of Environmental Activities, Sustainability Activities etc.	The JSR Group has set out and identified key sustainability issues as materiality. Based on the two axes of “importance to the Group (internal factors)” and “importance to stakeholders (external factors),” we have determined the materiality in our business activities and business foundation, taking into account both internal and external opinions. The materiality of our business foundation are: i) environmental protection and impact reduction, ii) employees; diversity, equity & inclusion (DE&I); and work styles, iii) health and safety, iv) respect for human rights, and v) the supply chain. Indicators and targets have been established for each materiality, and efforts are underway to achieve them. Progress and activities are disclosed on the Group’s sustainability website.
Development of Policies on Information Provision to Stakeholders	The Company stipulated its Disclosure Policy in FY ending March 2006 to enhance the reliability of information disclosure further. The Company has been endeavoring to ensure prompt, accurate, active and fair information disclosure by preparing organizations and systems for information disclosure to establish a company-wide cooperative framework with the aim of improving the quality of information disclosure.

Other

The human resources strategy of the JSR Group is to “maximize value (provision) to customers and markets by maintaining a global perspective and enhancing the vitality and diversity of our human resources and organizational capabilities in accordance with the characteristics of each country, region, and business, thereby improving the efficiency of corporate activities, business competitiveness, and innovation creation.” Based on this strategy, we have established the following as our ideal corporate and organizational culture and are pursuing a variety of measures accordingly.

Ideal corporate and organizational culture

- By respecting DE&I (Diversity, Equity & Inclusion) and allowing employees autonomy in developing their careers, all employees are able to reach their full potential.
- Through mutual trust and shared growth between employees and the company, employee engagement continues to increase and innovation is created in a sustainable manner.

In this ideal corporate culture, employee growth forms the foundation of the company, and by developing human resources consistent with the company's corporate philosophy and medium- to long-term management goals, and by encouraging career autonomy, we aim to increase the value of each employee. In order to take full advantage of this, the Company defines career autonomy as “career autonomy = proactive career vision x sustained action toward its realization: to develop a personal career vision for work and living to improve one's life, and to grow and increase one's value through sustained action toward its realization and all the experiences gained from it.” As such, our human resource development policy is to (1) support each employee in independently developing and realizing their career vision through work, which is an opportunity for superiors, subordinates, and colleagues to grow together, and (2) provide systematic and ongoing training and learning opportunities that can complement growth through work, in accordance with each employee's career vision.

In addition, as part of our policy for improving the Company's internal environment, we promote the creation of a healthy and vibrant workplace for our diverse workforce through our human resources management policy, health management initiatives (JSR Health Promotion), and our approach to DE&I (Diversity, Equity, and Inclusion).

The Group's DE&I (Diversity, Equity & Inclusion) promotion framework is led by the Diversity Promotion Office of JSR and the DE&I manager of JSR North America Holdings, under the supervision of the Chief Sustainability Officer (CSO). In FY2022, we have strengthened global-wide collaboration through ongoing discussions and sharing of DE&I issues that differ between countries and organizations.

One of the materiality (key issues) for the Company's business foundation is “Employees; diversity, equity & inclusion (DE&I); and work styles” and KPIs and targets have been set for (1) improving employee engagement and (2) promoting DE&I. The employee engagement survey for (1) began in FY2021, and a PDCA cycle is being implemented each time the survey is conducted, with results shared, issues identified, and action plans formulated and

implemented. By conducting the survey every year and working to make improvements on an ongoing basis, we aim to improve the engagement of the entire JSR Group and its diverse workforce. Regarding the promotion of DE&I in (2), we set a KPI of 10% of management positions at the Company (non-consolidated) being held by women by FY2030. The Company is working to promote the advancement of women as one way to support the success of a diverse range of personnel. However, the rate of management positions held by women at the Company is 6.5% as of April 1st 2023, which differs substantially from the rate of female employees (approximately 20%). While we have been undertaking various initiatives to support female employees in their careers, by establishing this KPI as a management issue, we aim to further step up our efforts in this regard. In addition, we will continue to set targets for the proportion of women hired in new graduate recruitment and make ongoing efforts to secure sufficient numbers of women in the pipeline. Given that DE&I is not limited to the promotion of women's advancement, but covers a wide range of areas, we aim to drive forward DE&I as a whole by promotion by expediting this initiative.

Overseas sales account for approximately 60% of the Group's sales revenues, and employees from overseas companies account for approximately 70% of the Group's workforce. In recognition of these characteristics, our corporate activities are conducted under the leadership of our CEO, who has extensive knowledge of both Japan and other countries. In addition, in order to secure human resources who can play an active role on the global stage, we have been working to diversify our workforce by hiring foreign students and accepting employees of overseas subsidiaries on secondment to the Company. Meanwhile, in terms of attracting personnel with diverse experiences and ideas, we are also conducting active recruitment of mid-career workers. Promotions and appointments to management and officer positions are based on merit and performance, with no distinctions made for women, foreign nationals, or mid-career hires, and many employees are promoted as core personnel. We will continue to work to ensure diversity in the appointment of core personnel through initiatives such as supporting employees' autonomous career development and fostering career awareness.

To allow employees to work flexibly in a variety of ways in accordance with their individual circumstances, we have established a support system for balancing work with childcare, nursing care, and other responsibilities. The work-from-home system, which began as a way to help employees balance work with childcare and nursing care, was changed to include less restrictive requirements in terms of reasons and greater flexibility in operations for each business and department. In the 9th Action Plan regarding the Act on Advancement of Measures to Support Raising Next-Generation Children (the Company, non-consolidated), one of the targets is to achieve 80% of male employees taking childcare leave and an average of at least 20 days of leave by the end of FY2025. In addition, an internal survey conducted after COVID-19 confirmed that the Company's head office is implementing work-life balance management and achieving results both individually and as a team, and as such, we have outlined a policy of actively promoting hybrid work arrangements that combine working from home and in the office. Going forward, we will undertake various measures to enable more flexible and

diverse work styles in accordance with the characteristics of each workplace, and further promote the creation of an inclusive corporate culture.

The proportion of people with disabilities among our employees is 2.47% as of March 2023 (the legally mandated rate is 2.3%). We consult with each individual about the nature of their disabilities and areas of expertise before deciding on their job location and the nature of their duties. In addition, in order to encourage more people with disabilities to work as members of the Company and help build a society in which they can play an active role alongside others, in September 2021 we began operating a farm (in Saitama Prefecture) as a workplace mainly for people with disabilities, giving it the nickname “JSR Nanairo Farm” and making it known throughout the company. Vegetables grown at the farm are harvested, cleaned, and shipped jointly with participating employees working at head office, and are regularly provided to the Yokkaichi Plant cafeteria.

For details on our policy on the recruitment and promotion of diverse human resources, and numerical targets and results for the promotion of the advancement of women, see “Diversity, Equity and Inclusion” in the Sustainability Report

<https://www.jsr.co.jp/sustainability/2021/society/diversity.shtml>

For more information on the status of human resource development and the internal environment, please refer to “Labor Environment” in the same report https://www.jsr.co.jp/sustainability/2021/society/labor_environment.shtml

IV. Matters Related to the Internal Control System

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

(1) Basic policies for management

“JSR Group” (which hereinafter means JSR group companies consisting of the Company and those whose parent company under the Corporation Law is the Company) holds and relies on the following Corporate Mission and Management Policies for managing and conducting its businesses.

Corporate Mission :

Materials Innovation :

We create value through materials to enrich society, people, and the environment.

Management Policies:

Fundamental Pillars of Management

- Continuous Creation of Businesses
- Enhancement of Corporate Culture
- Increase in Corporate Value

Responsibility to Our Stakeholders

- Responsibility to Our Customers /Business Partners
- Responsibility to Our Employees
- Responsibility to Society
- Responsibility to its Shareholders

(2) Structures to ensure that execution of duties of directors and employees of JSR Group complies with the laws and ordinances and the Articles of Incorporation

1) Under the rules of the Board of Directors and other relevant rules, the Board of Directors of the Company inclusive of independent outside directors monitors and directs the execution of duties of directors and officers (including, executive managing officers, managing officers and senior officers in this section for Internal Control System) of the Company, as well as makes decisions on important management matters of the Company and on fundamental management matters of JSR Group.

As for supervising the execution of duties of the directors and employees of the “Group Companies” (which hereinafter means companies that which belong to JSR Group but other than the Company), an officer in charge of Group Companies as specified under “the Code of Group Companies Management” is responsible for such monitoring and direction respectively.

2) The Company has established the Sustainability Promotion Committee chaired by the President and consisting of four committees such as the Sustainability Planning Committee, the Environment, Safety and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee, which directs and supervises the activities to ensure and promote Sustainability of JSR Group including compliance with laws, ordinances and other rules.

3) The Company has established “JSR Group Principles of Corporate Ethics” as a code of conduct for the directors and employees of JSR Group, which are rules with penalty clauses to ensure its effectiveness and which JSR Group endeavors to make thoroughly understood and penetrated among their respective directors and employees by continual education and promotion under the supervision of the Corporate Ethics Committee.

4) The Company has, in accordance with the Financial Instruments and Exchange Law, established and been managing and maintaining the internal control system to ensure appropriateness of financial report of JSR Group.

5) The Company has established an organization specialized in internal auditing independent from the business execution divisions (“Internal Auditing Office”) in order to monitor and internally audit the effectiveness of the internal control system of JSR Group.

- 6) The Company has established consulting and reporting channel so that any directors and employees of JSR Group can report directly to the Corporate Ethics Committee of respective Group Companies to which they belong or of the Company, or through designated external hotlines involving outside attorneys (which may be done anonymously) when they become aware of internal actions that violate or are likely to violate the compliance rules. Any report made through external hotlines will be automatically and simultaneously transferred to and shared by full time audit and supervisory board member in order to ensure independence of the hotlines from the management. The Company has also established suppliers' hotlines so that the suppliers of JSR Group can report the issues relating to compliance rules to the Company. The Company ensures that, in any case, the person who made such reports suffers no disadvantageous treatment as a result of such reporting.
 - 7) The JSR Group's basic principle against the anti-social forces is to cut off all relationships including but not limited to any business transactions with such forces. The management and the entire organization of the Company or, as the case may be, of respective Group Companies shall resolutely and firmly reject any claims or requirements made by anti-social forces in collaboration with external entities such as the police forces.
- (3) Structures to ensure efficient execution of duties of directors of JSR Group
- 1) At the Company
 - a The Board of Directors holds regular meetings on monthly basis in principle and ad hoc basis if required in order to deliberate and resolve important matters relating to the execution of businesses and to monitor and direct supervise the execution of duties of directors and officers. Executive Committee consisting of CEO, the president, and Officers or General Managers designated by CEO or the president holds meetings on weekly basis in principle in order to deliberate, direct and/or receive reports on the matters relating to fundamental management policies, managerial guidelines, management plans and/or major business issues from business divisions. The Executive Committee is chaired by CEO or the president. The standing audit & supervisory board member also attends the committee meeting. After review and deliberation by the Executive Committee, major issues will be brought up to the Board of Directors for resolution while the rest will be determined by CEO or the president. Full time Audit & Supervisory Board Member also attends the meeting of the Executive Committee. In addition, Business Issue Committee consisting of CEO, the president, and Officers designated by CEO or the president holds meetings once a month in principle in order to, through discussion and sharing information and views, clarify and determine the direction of the key issues relating to management principles and fundamental management policies, policies behind the individual business decisions, or the changes in business strategies well in advance, which will be further reviewed and discussed at the Board of Directors Meetings or Executive Committee Meetings.
 - b The Company has adopted officer system in order to clearly distinguish managerial decision-making and monitoring functions from those of business execution and to enhance respective functions. Officers Committee consisting of CEO, the president and all of the officers holds meetings when appropriate for the purpose of sharing common and thorough understanding on the status and major issues relating to the management and performance of the Company.
 - c By establishing the rules for decision making authorities at the Company and Group Companies, the JSR Group has specified the bodies and ways for decision making in accordance with the importance of such decisions in order to ensure the appropriateness and effectiveness of the execution of the businesses.
 - d The Company has established "the Code of Group Companies Management" for the management of Group Companies. An officer in charge of a Group Company is responsible for administration and management thereof, while other corporate functional departments such as environment and safety, accounting, finance, general affairs, legal affairs, compliance, sustainability promotion, human resources, and IT Strategy provide support and services to Group Companies.

- 2) At Group Companies
 - a At the Group Companies with the Board of Directors, the Board of Directors regularly holds meetings, and the executive committee is established in a similar manner to the Company if necessary in order to deliberate and decide the important business matters in accordance with the relevant internal rules and regulations.
 - b At the Group Companies without the Board of Directors, executive committee of the company consisting of the president, other key management personnel, audit & supervisory board members of the company, and the officer in charge of the relevant Group Company, and/or his/her staff holds meetings on regular basis and deliberates and decides important business matters in accordance with the relevant internal rules and regulations.
 - c The Company has, considering the location of the market and major business premises, established a holding company in north America (hereinafter referred to as “NAHQ”) responsible for overseeing the global Group Companies involved in life sciences business in order to accelerate decision making processes and enhance internal control of these companies. With regard to the decision making authority over the above Group Companies, the president of the Company transfers his authority, which is to decide upon deliberation at the executive committee, to the president of the above holding company as long as the decision is made upon deliberation at the executive committee of the above holding company.

- 3) The JSR Group has established its mid-term business plan considering possible changes in business environment in the future, of which implementation plans were broken down into corporate annual targets and budget of JSR Group as a whole. Each of the companies of JSR Group and the business divisions thereof will set up and implement its action plans to achieve the objectives.
- 4) The tenure of office of directors of JSR Group is one year so that JSR Group can quickly cope with the ever-changing business environment.

(4) Structures for loss and risk management and other rules of JSR Group

- 1) The Company has been continually monitoring the risks associated with the execution and progress of the businesses of JSR Group by way of reporting and discussion at the meetings of the Board of Directors, Executive Committee, Business Issues Committee, Officers Committee, and/or other important meetings as well as controlling budget.
- 2) In accordance with the “Risk Management Regulations,” the Risk Management Committee conducts risk management for the Group by leading the identification of significant actual or potential risks in the Group, and by assisting the relevant committees or departments in creating policies to deal with the risks in question and developing and implementing risk management plans.
- 3) In the event of serious crisis of the JSR Group, the “Emergency Headquarters” (“Anti-Disaster Headquarters” in the case of accidents or disaster) directed by the president of the Company will be set up in order to proceed necessary crisis management in accordance with the “Risk Control Manual.”

(5) Structures for maintenance and management of information relating to execution of duties of directors of the Company

The Company has, in accordance with the relevant laws and “Rules for Documents and Information Management”, been properly maintaining the relevant documents and/or those in electromagnetic forms in relation to the execution of duties of directors and officers such as minutes of meetings of the shareholders, the Board of Directors, Executive Committee, and authorization documents so as to make such documents easily accessible by the directors and audit & supervisory board members of the Company.

(6) Structures for reporting the execution of duties by directors and employees of the Group Companies

- 1) An officer responsible for the relevant Group Company reports business results and financial statements of the company to Executive Committee and the Board of Directors on regular basis.

- 2) The Audit & Supervisory Board Member of a Group Company on regular basis reports to audit & supervisory board members and Internal Audit Office of the Company the results of the audit made at the Group Company.
 - 3) The department in charge of internal audit of NAHQ will perform internal audit of the Group Companies in life sciences businesses and report its findings to the CEO and President and the Internal Auditing Office of the Company. The Internal Auditing Office regularly reports the results to the Board of Directors and Audit & Supervisory Board.
- (7) Matters related to audit by audit & supervisory board members
- 1) Matters related to employees assisting audit & supervisory board members and ensuring his/her independence
The Company has appointed personnel whose responsibilities are to assist audit & supervisory board members (“the assistant”). Any personnel decisions on the assistant are subject to prior consultation and approval by the Audit & Supervisory Board. In addition, solely audit & supervisory board members are responsible for evaluating the performance of the assistant.
 - 2) Matters related to effectiveness of command by audit & supervisory board members to the assistant
The assistant shall follow instructions and command solely made by audit & supervisory board members.
 - 3) Structures for directors and employees of the Company, for directors and employees of the Group Companies or for those who received reports from them to report to audit & supervisory board members of the Company to receive reports from its directors and employees, or from directors and employees of the Group Companies, or from those who received reports from directors and employees of the Group Companies.
 - a Audit & supervisory board members ensures that they can review major decisions on the execution of duties of directors through participation to the meetings of the Board of Directors, Executive Committee and Officer Committee and the circulation of authorization documents after approval by the relevant personnel.
 - b Such corporate administrative department including general affairs, legal, compliance, and Sustainability Promotion as designated by audit & supervisory board members regularly, or upon request, report to Audit & supervisory Board Members on the progress and operating status of internal control system such as compliance with rules and regulations and risk management.
 - c Internal Auditing Office regularly, or upon request, reports the results of internal auditing on JSR Group to audit & supervisory board members.
 - d Directors and employees of the Company promptly and effectively report to audit & supervisory board members such items, but not limited to, as the fact that might cause material damages to the Company and/or materially violate the laws and/or articles of incorporation of the Company, or as specified in advance in accordance with the prior agreement with the audit & supervisory board members.
 - e Directors and employees of JSR Group promptly report to audit & supervisory board members relating to execution of businesses.
 - 4) Structures to ensure that persons who report to audit & supervisory board members do not to suffer disadvantageous treatment as a result of such report
The JSR Group prohibits disadvantageous treatment its directors and employees solely because they had reported to audit & supervisory board members.
 - 5) Matters related to policies related to procedures for advance payment or pay back of audit expenses and handling audit expenses and others
The Company bears all the expenses incurred in relation to execution of duties of audit & supervisory board members unless such expenses are deemed unnecessary
 - 6) Other structures to ensure effectiveness of auditing by audit & supervisory board members.

The audit & supervisory board members maintain cooperation and communication from time to time with relevant parties such as Internal Auditing Office, the Independent auditors, audit & supervisory board members of Group Companies.

*Since June 16, 2023, the CEO has also served as resident.

2. Basic Views on Eliminating Anti-Social Forces

(1) Basic views on eliminating anti-social forces

The JSR Group's basic principle against the anti-social forces is to cut off all relationships including but not limited to any business transactions with such forces. The management and the entire organization of the Company or, as the case may be, of respective Group Companies shall resolutely and firmly reject any claims or requirements made by anti-social forces in collaboration with external entities such as the police forces. The JSR Group has stated in the "Code of Conduct against Antisocial Forces" under the "JSR Group Principles of Corporate Ethics" that its basic policy, upheld by its top executive and the company as a whole, is to firmly reject any demand made by anti-social forces. The Group has stipulated its basic policy and specific countermeasures in normal times and an emergency in the Standards for Response against Antisocial Forces.

(2) Establishment of structures for eliminating anti-social forces

1) Establishment of the person and the department in charge against anti-social forces

The JSR Group has made the officer in charge the General Affairs Department and the department itself responsible for coping with anti-social forces through organizational confrontation under his/her supervision. In head office and each office, the general managers in charge of general affairs will cope with the demand made by anti-social forces, if any.

2) Cooperation with external professional organizations

The department in charge against anti-social forces has been endeavoring to establish good relationships with external professional organizations including the police regularly and to strengthen its cooperation with such organizations by frequent consultation.

3) Collection and management of information regarding anti-social forces

The JSR Group's department in charge against anti-social forces regularly collects information regarding anti-social forces through the media and actively participates in information exchange meetings and training seminars sponsored by external professional organizations including the police to gather and unitarily manage information regarding the activities of anti-social forces, the actual situation of illegal demands, and policies to cope with anti-social forces, and prepares materials.

4) Preparation of manuals to cope with anti-social forces

The department in charge against anti-social forces has stipulated internal manuals to respond to anti-social forces.

5) Implementation of training activities

The JSR Group educates its employees, mainly personnel in the department in charge against anti-social forces on how to cope with anti-social forces using educational materials prepared by external professional organizations including the police.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

JSR has not adopted anti-takeover measures.

The Company considers it is important to increase its corporate value by gaining the trust and appreciation from all stakeholders as an enterprise that has high profitability and can steadily realize safety and its environmental mission.

2. Other Matters Concerning Corporate Governance System Updated

(1) For the diagram showing the structure of corporate governance of the Company including its internal control system, please refer to the Attachment: "Corporate Governance Structural Diagram"

(2) Outline of timely disclosure system

Here is an outline of JSR's internal system to disclose company information in a timely manner.

1) Basic policy for disclosing information

The Company has stipulated its Disclosure Policy as a rule to disclose important company information to investors in a prompt, accurate, and fair manner. The Company has focused on actively disclosing information on its business conditions in accordance with related laws and regulations, such as the Financial Instruments and Exchange Act, and rules regarding timely disclosure provided by the Tokyo Stock Exchange Inc.

In addition, the Company has strived to disclose information, which does not fall under the TSE's timely disclosure rules but is deemed to influence investors' investment decisions, in a timely and appropriate manner. Furthermore, the Company has stipulated "Rules for Prevention of Insider Trading by Directors and Officers" and "Rules for Preventing JSR Group's Employees from Committing Insider Trading". It has made endeavors to ensure that all directors and employees understand and comply with basic rules regarding the management of insider information which they have come to know through conducting their duties and the purchase and sale of stocks by directors and employees with the aim of preventing insider trading from occurring.

2) Internal structure for timely disclosure

a Decisions made

Important decisions are made at a Regular Board of Directors' meeting or the Executive Committee and as necessary, an Extraordinary Board of Directors' meeting is held to make prompt decisions. If important decisions made fall under the TSE's timely disclosure rules, the Company shall disclose such information in a prompt manner after obtaining approval at the Board of Directors' meeting.

The Company shall disclose information on account settlement immediately after having an audit by independent auditor on its books and obtaining approval at the Board of Directors' meeting.

b Facts that have occurred

Regarding important facts that have occurred, the Company has established a structure that enables the Company to gather information and make immediate response and disclose information in an appropriate manner.

c Risk information

Regarding risk information, the Company has established the Sustainability Promotion Committee, which is designed to ensure issues related to environment, safety and quality and corporate ethics are communicated to, understood, and observed by all parties. The Company has established a

structure that enables it to respond to an emergency by preparing an information network to transmit information from the Company and JSR Group companies to the Sustainability Promotion Committee when a crisis occurs.

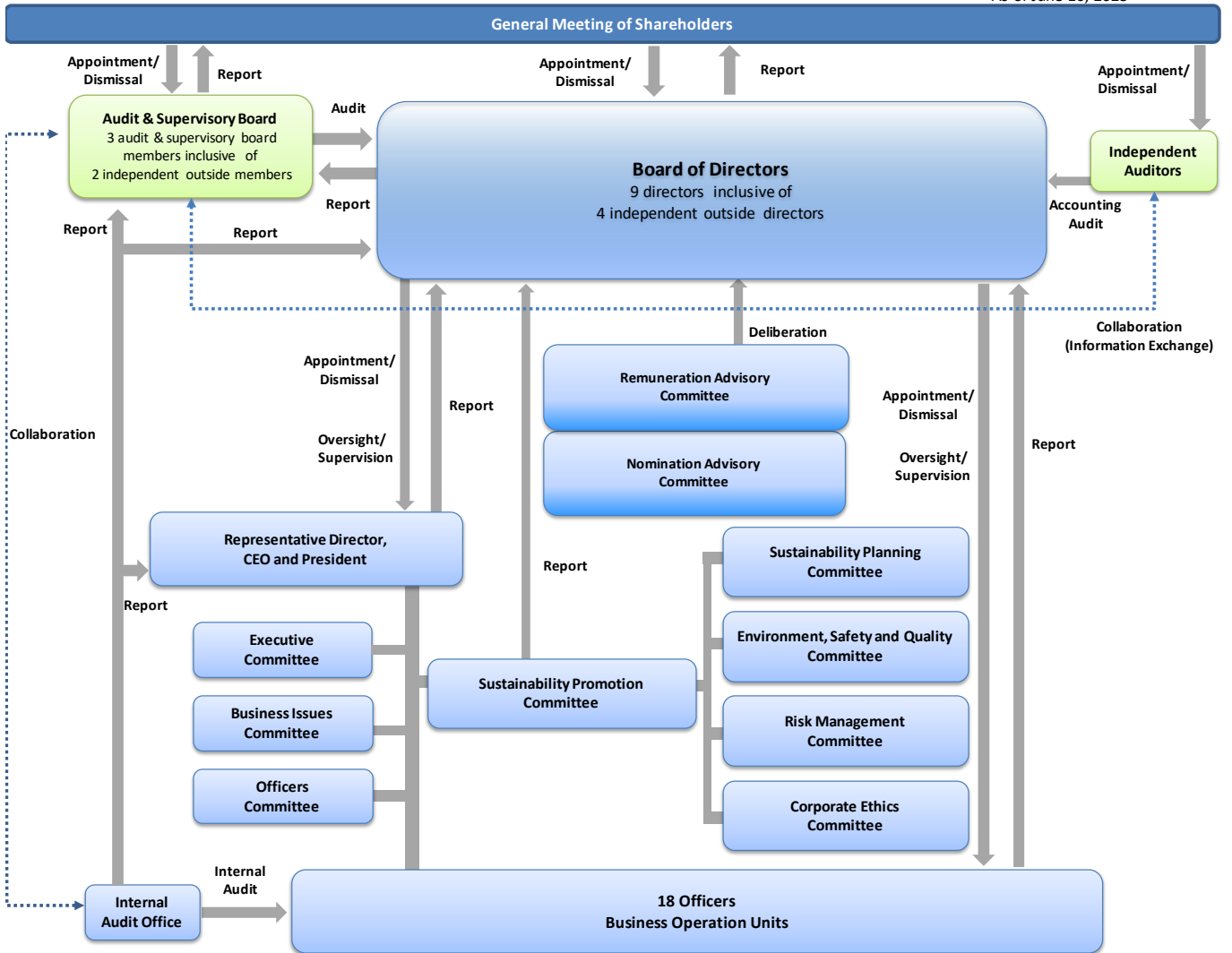
d Disclosure of information

The Corporate Communications Department, which takes the leadership in disclosing information, has strived to disclose information promptly in cooperation with related departments. In addition, the Department has put disclosed materials on the Company's website so that shareholders and investors can easily access them any time.

For the diagram of the internal structure for disclosing company information in a timely manner, please refer to the attached Material 2: Information Disclosure Structural Diagram.

Corporate Governance Structure Diagram

As of June 16, 2023



Information Disclosure Structural Diagram

