

## Corporate Governance Report

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JSR Corporation.

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[https://www.jsr.co.jp/jsr\\_e/](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 sound 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 members, JSR 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.

JSR 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 the 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.

JSR 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]

**[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) JSR 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 2021	FY ending Mar 2022
Total number of issues	18	10
Number of issues of which shares increased during the fiscal year	1	0
Number of issues of which shares decreased during the year	6	9

(2) Policies for exercising voting rights

When exercising voting rights of cross-shareholdings, JSR 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”, JSR 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, JSR 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) JSR 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**

Please refer to “3. Measures to Ensure Due Respect for Stakeholders” of “III. Implementation of Measures for Shareholders and Other Stakeholders” of this Corporate Governance Report for details on JSR’s efforts to ensure diversity in the appointment of core personnel.

### **[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 JSR 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) JSR sets its corporate mission as follows:

Materials Innovation: We create value through materials to enrich society, people and the environment.
- (2) JSR 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](https://www.jsr.co.jp/jsr_e/company/mission.html)

- (3) We have developed and disclosed our Medium-Term Management Policy for FY2024, the vision of which 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. The 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.

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](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 members, JSR principally monitors and oversees the execution of duties by directors and the management through its Board of Directors and audit & supervisory board members.
- 2) JSR 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) JSR 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, 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) JSR 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) JSR 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 CEO and/or the 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 CEO and/or the president. The committee, through its active involvement in the selection process, systematically develops and selects candidates for the successor to CEO and/or the president in an objective and transparent manner by providing the pool of candidates with necessary training and coaching.

(3) Relationship with stakeholders

- 1) JSR 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) JSR 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](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](https://www.jsr.co.jp/jsr_e/sustainability/2021/governance/compliance.shtml)

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

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

For details of materials prepared for its ordinary general meeting of shareholders, please visit the following site: [https://www.jsr.co.jp/jsr\\_e/ir/library/shareholder.html](https://www.jsr.co.jp/jsr_e/ir/library/shareholder.html)

- 3) JSR 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.
- 4) JSR 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, JSR 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) JSR 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) JSR has been promoting constructive dialogue with shareholders in the following manner.
  - a JSR appoints an officer in charge of IR. CEO, the 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, CEO, the 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 JSR receives from investors through the above-mentioned dialogues are periodically fed back to management.
- 2) In dialogues with shareholders, JSR has strived to appropriately treat insider information.

(7) Information disclosure policy

- 1) JSR 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, JSR 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**

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

(2) Criteria for nominating candidates for directors

When nominating candidates for directors, JSR 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, JSR 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, JSR 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, JSR 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.

JSR 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**

JSR has overhauled its long-held sustainability initiatives in 2020, and took its first step toward a new type of sustainability management in which environmental considerations, solutions to social issues, and governance initiatives are integrated with business. In other words, JSR has further augmented its existing CSR activities into activities to promote sustainability (co-creation between the company and society), and has organized and implemented priority management themes that take sustainability into account. These activities will take more than just the conventional ESG perspective, as they will also make a contribution toward achieving the United Nations’ Sustainable Development Goals (SDGs).

In June 2020, JSR established the Sustainability Promotion Committee (SPC) as an advisory body to the Board of Directors. Its job is to promote sustainability management. Four committees were established 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.

JSR uses this structure as the basis for engaging in comprehensive deliberations and decisions when formulating business strategies and making investments and loans (including investments in human capital and intellectual property). These deliberations and decisions are conducted based on the “JSR Group Management Policies,” the “JSR Group Course of Action’s 4Cs,” and other related policies as well as on key matters relating to social and environmental issues. In this way, JSR will continue to strengthen its governance with respect to social and environmental issues.

In 2021, JSR announced a new set of five-year medium-term Management Policy that will end in the fiscal year ending March 2025. In its management going forward, JSR will use these policies as a guide in establishing a resilient organization for adapting to a dynamically changing environment. To achieve this, JSR will ensure the penetration of five “Foundations” throughout its organization as a form of corporate cultural reform. These foundations are centered on the concept of Sustainability in the sense of “creating value for all stakeholders” and include deepening the Company’s Innovative Culture, promoting Digitalization, expanding Globalization (including responses to geopolitical risks), and strengthening Operational Excellence to support these efforts. The Company will also specify JSR Group’s materiality in terms of both business activities and management infrastructure, and incorporate it into the priority items, approaches, and numerical targets of each. JSR will establish the main activity items here as key KPIs in the medium-term Management Policy.

Climate change should now be seen as a climate crisis. The Company recognizes climate change as an important management issue and aims to help bring about a “society that keeps average temperature rise to 1.5 degrees Celsius,” as indicated by the Paris Agreement. As proactive steps toward bringing about a decarbonized society in accordance with the Paris Agreement’s long-term goals, JSR is strengthening its governance structure, analyzing the impact of climate change on its business, and promoting initiatives for seizing climate change as an opportunity for growth and responding appropriately to risks. In October 2020, JSR announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) that was established by the Financial Stability Board (FSB). JSR further declared its commitment to Net Zero by 2050 in March 2021, and the Group is taking the following actions in line with the TCFD recommendations.

#### [Governance]

Under the supervision of the Board of Directors, JSR makes decisions to consider and implement appropriate responses to climate change and other potential business risks. In FY2020, we established a dedicated position for a board member responsible for promoting sustainability (CSO), thereby further enhancing oversight by the Board of Directors.

The Sustainability Planning Committee, chaired by the CSO, examines and advances sustainability initiatives, including those aimed at addressing climate change. Resolutions made by this committee are reported and discussed at the Sustainability Promotion Committee, which is held four times a year, and the most important matters are reported at meetings of the Board of Directors. The Sustainability Promotion Committee is chaired by the President and includes the officers in charge of each business division, operating under a structure that extends across all of the JSR Group’s businesses and functions. In particular, measures to address climate change issues have been incorporated into the mid-term business plan and business targets, which have been approved by the Board of Directors. The mid-term business plan is incorporated into the annual environmental promotion plan, and each business division implements measures in accordance with its plans and targets. The progress is reported and discussed at the Sustainability Promotion Committee, and the results are supervised and monitored by the Board of Directors, leading to feedback for improvements.

#### \*Record of discussions involving climate change at Board of Directors meetings (FY2021)

Status report on sustainability (ESG) activities (including climate change response) (June)

Status report on efforts to address TCFD recommendations (June)

Report on setting sustainability indicators (KPIs) and targets (including climate change response) (December)

Report on Development of Medium- and Long-Term Plans for Sustainability KPIs (March)

#### \*Linking of climate change response and executive compensation

In addition to the company-wide performance-linked portion (90%) of the annual bonuses for the CEO and President, a non-financially evaluated portion (10%) has been set for the progress of initiatives related to company-wide sustainability management indicators (reduction of GHG emissions, promotion of DE&I, etc.).

The non-financially evaluated portion is discussed by the Remuneration Advisory Committee, and the amount is determined by the Board of Directors within the range of 0% to 200%, reflecting the results of the evaluation.

#### [Strategy]

In order to develop strategies, risk management, indicators, and targets relating to climate change, we have been conducting a scenario analysis in line with TCFD recommendations since FY2019. In FY2020, we completed a Climate Change Materiality Assessment and Climate Change Scenario Analysis (qualitative assessment) and have been steadily taking action accordingly. However, in FY2021, out of the main business areas that the Group has selected for evaluation (digital solutions business, life sciences business, elastomer business, and plastics business), the elastomer business, which will be hardest impacted by climate change, will be transferred (carved-out), so we have decided to review the results of the previous qualitative analysis.

The carve-out of the elastomer business, which had accounted for a large portion of the company’s GHG emissions, can be considered a way of mitigating the risk, and we will maintain our momentum by implementing substantial ongoing measures. In addition, preparations are underway to continue with the quantitative evaluation in FY2022.

At the same time, the JSR Group acknowledges that there is no respite in the global effort to address climate change, and we have already begun to implement measures to reduce GHG emissions in advance by developing countermeasures, indicators, and targets for reducing GHGs.

(1) Materiality Assessment of Climate-Related Risks

We conducted a climate change impact assessment regarding the social environment as it relates to the JSR Group's business in the short term (5 years), medium term (10 years), and long term (30 years).

External information used: IPCC\_RCP2.6, RCP8.5, IEA\_B2DS, etc.

(2) Climate Change Scenario Analysis (qualitative assessment)

Taking the materiality assessment of climate-related risks as a basis, we conducted a scenario analysis (1.5°C and 4°C scenarios) on the impact of climate change on our business. In a revision from last year's scenario, the elastomer business was removed from the scope of the analysis.

1) Scope of Analysis

The digital solutions, life sciences, and plastics businesses have been selected as the Group's main business areas.

2) Assessment Method

(i) Impact scenarios for related businesses were developed based on assumed socioeconomic scenarios, and the level of impact on each business was determined.

(ii) Furthermore, particularly important risks and opportunities were identified based on their likelihood of occurrence and impact that they would have on our business (e.g., human loss, financial impact), defining the direction of the JSR Group's response. In doing so, we also considered trends in international debate, regions of implementation, and examples from other companies.

[Risk Management]

The JSR Group regards the prevention of serious crises before they occur and minimizing the impact on business activities in the event that such crises occur as important business issues. As such, we have instituted a set of Risk Management Policies and conducts risk management, primarily through the Risk Management Committee. Since FY2009, we have been operating our own risk management system, and under the leadership of the Risk Management Committee, we regularly identify risks in all divisions in Japan and overseas, including group companies. Using risk maps that indicate risks in terms of their impact on our business and the frequency with which they occur, we have identified risks that could have a significant impact on business continuity and designated them as "JSR Group Major Risks." Management monitors and periodically reviews these risks to prevent them from occurring and to build and maintain systems that are ready to respond. Although risks related to climate change are included in these risks, the quantitative results of the scenario analysis planned for this year will be incorporated as emerging risks, leading to more precise risk management. For more information on risk management, please refer to the Risk Management section of our Sustainability Report. The Sustainability Report is scheduled to be updated in around September 2022.

In terms of opportunities, we anticipate that society's response to climate change will significantly change the business environment in which the JSR Group operates, and we see these changes as opportunities for new business. We will expand our business by refining our technology for the future and offering technological innovations to society in a timely manner.

[Indicators and Targets]

As well as announcing its goal of achieving carbon neutrality for its own emissions by FY2050, the JSR Group has established interim environmental targets for 2030 and GHG emissions reduction plans for each year as milestones toward that goal. For details on our record of GHG emission reductions, please refer to the Climate Change Mitigation section of our Sustainability Report.

Targets for 2050

We, the JSR Group, will keep on striving hard to achieve "effective net-zero" GHG emissions by 2050.

2030 Interim Targets

We aim to reduce our FY2030 CO<sub>2</sub> emissions by 30% relative to FY2020, which will primarily be achieved by advancing energy saving measures and conversion to renewable energy on a worldwide basis. As well as

taking on the challenge of introducing innovative energy technologies, we will contribute to the creation of a carbon-free and recycling-oriented society by promoting environmentally-friendly products. Please refer to the “JSR Report 2021,” “Sustainability Report 2021,” and JSR’s website for details on its “sustainability management” initiatives, related policies, and investments in human capital and intellectual property.

JSR Report 2021

[https://www.jsr.co.jp/jsr\\_e/ir/library/annual\\_csr\\_report.html](https://www.jsr.co.jp/jsr_e/ir/library/annual_csr_report.html)

Sustainability Report 2021

[https://www.jsr.co.jp/jsr\\_e/sustainability/](https://www.jsr.co.jp/jsr_e/sustainability/)

Investments in human capital

[https://www.jsr.co.jp/jsr\\_e/sustainability/2021/society/labor\\_environment.shtml](https://www.jsr.co.jp/jsr_e/sustainability/2021/society/labor_environment.shtml)

[https://www.jsr.co.jp/jsr\\_e/sustainability/2021/society/workstyle\\_innovation.shtml](https://www.jsr.co.jp/jsr_e/sustainability/2021/society/workstyle_innovation.shtml)

[https://www.jsr.co.jp/jsr\\_e/sustainability/2021/society/diversity.shtml](https://www.jsr.co.jp/jsr_e/sustainability/2021/society/diversity.shtml)

Investments in intellectual property

[https://www.jsr.co.jp/jsr\\_e/rd/](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 or the president after deliberation at the Executive Committee.
  - 2) Decision by CEO or the 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**

JSR 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.

#### 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 experience in core business domain	
										Digital Solutions	Life Sciences
1	Mr. Eric Johnson	3	✓	✓	✓			✓	✓	✓	✓
2	Mr. Nobuo Kawahashi	6	✓	✓	✓			✓	✓	✓	✓
3	Mr. Seiji Takahashi	-			✓				✓		
4	Ms. Ichiko Tachibana	-					✓	✓			
5	Mr. Kenichi Emoto	-				✓			✓	✓	
6	Mr. Tadayuki Seki	Independent Outside Director	5			✓	✓	✓	✓		
7	Mr. David Robert Hale	Independent Outside Director	1	✓		✓		✓	✓		✓
8	Mr. Masato Iwasaki	Independent Outside Director	-	✓	✓		✓	✓	✓		✓
9	Mr. Kazuo Ushida	Independent Outside Director	-	✓	✓			✓		✓	

#### Audit & Supervisory Board Members

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

\*Years in office is as of June 17, 2022

In order to cope with the drastic changes in business circumstances such as globalization, advance in Information Technologies and digitalization, the Company appointed, upon resolutions of AGM and the Board of Directors, the first non-Japanese CEO stationed in the US and responsible for global business management of the Company and the COO and President stationed in Japan and supporting the CEO in FY ending March 2020. Efforts have also been made to further diversify the Board of Directors. A female inside director has remained appointed since FY2020, while the FY2021 annual general meeting of shareholders saw the appointment of a foreign outside director who, as a partner in a long-term investment company and as a director of a company in which the invest company invest, has been engaged in global business management, business transformation and business expansion.

JSR 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 JSR’s policy and procedures concerning the appointment of directors.

#### [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 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 2022.

## 1. Overview of Evaluation Results

### 1) Evaluation process

The Company conducted a questionnaire survey targeting our company's nine directors (including four independent outside directors) as well as all three of its audit & supervisory board members (including two independent outside auditors). The results of the questionnaire and the opinions expressed in it were discussed multiple times by the Board of Directors, and evaluations were conducted using the self-evaluation method. In FY ending in March 2022, a third party with expert knowledge was appointed to compile and analyze the questionnaire responses.

### 2) Evaluation content

Through analysis, evaluation and discussions at the Board of Directors, the following points were confirmed, and the Board of Directors of the Company concluded that the Board is functioning effectively.

- The Board of Directors shall function as a meeting body in which internal and external directors and corporate audit & supervisory board members are appropriately allocated from the viewpoint of diversity and expertise such as nationality and gender, and each member uses his/her own experience and knowledge to supervise and support discussions and execution for the enhancement of corporate value over the medium to long term. In addition, decision making and progress monitoring were conducted appropriately with regard to the implementation of the structural reform of the elastomer business and investment for the growth of the semiconductor materials business and the life science business, which were identified as important management issues in last year's evaluation.
- In the operation of the Board of Directors, important management issues and risks are appropriately discussed, and sufficient information is provided to outside members in advance, so that the Board of Directors is highly transparent and has free and active discussions.
- The Nomination Advisory Committee and the Remuneration Advisory Committee have strengthened the supervisory function of the Board of Directors by conducting sufficient discussions with appropriate membership and by providing appropriate reports while maintaining independence and objectivity. Appropriate measures were taken for the ongoing review of the compensation system from a global perspective, which was recognized as an issue in last year's assessment.
- The Board of Directors regards communication with investors and shareholders as an important role and responsibility of it. The Board of Directors discusses the status of initiatives on a quarterly basis, and Board members directly communicate with shareholders and investors to reflect the perspectives expected from capital markets in the management and execution of duties of Sony and to maximize corporate value.

## 2. Future Initiatives

The progress of the following important management issues that were reconfirmed during the evaluation of the effectiveness of the Board of Directors and changes in the external environment that could affect them (environmental issues, geopolitical risks, etc.) will be discussed at future meetings of the Board of Directors, and the status of execution will be monitored.

(Important management issues)

- (1) Establish a sustainable and resilient organization and business structure that can respond to the rapidly changing business environment.
- (2) Realization of growth strategy for semiconductor materials business
- (3) Strengthening the foundation and steady growth of the Life Science Business
- (4) Initiatives to address issues for sustainable business growth, such as carbon neutrality and maximizing employee engagement
- (5) Continued investment in innovation, including digital transformation

(Issues pointed out)

- Although the current Board of Directors is functioning effectively, the monitoring function of the Board of Directors needs to be further strengthened in the future. When shifting to a monitoring model, the Board of Directors should examine specific monitoring methods, the size and composition of the Board of Directors, the qualifications and diversity of directors, etc., and aim for a Board of Directors that can promote change in the company over the long term.
- Although discussions on sustainability management at the Board of Directors have progressed, it is necessary to consider measures for further revitalization.
- While the overall support system for outside directors and outside corporate audit & supervisory board members is highly regarded, in order to further deepen outside directors and outside corporate audit & supervisory board members' understanding of the business, it is necessary to enhance the support system for training and education, such as conducting on-site inspections online, which were difficult to implement during the COVID-19 pandemic.

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

- (1) JSR provides newly elected officers—future candidates for directors—with opportunities to participate in outside seminars for newly elected directors.
- (2) JSR 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, JSR 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) JSR 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**

JSR 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) JSR holds an analyst meeting every quarter and a mid-term business plan explanatory meeting every fiscal year. In such meetings, CEO, the 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, CEO, the 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) JSR 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 JSR receives from investors through the above-mentioned dialogues are fed back to management as IR activities reports.
- (6) In dialogues with shareholders, JSR 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)	33,162,300	15.42
SSBTC CLIENT OMNIBUS ACCOUNT BRITISH VIRGIN ISLANDS/ U.K.	20,886,500	9.71
Custody Bank of Japan, Ltd. (trust account)	12,552,300	5.84
GOLDMAN SACHS & CO. REG	8,644,432	4.02
Bridgestone Corporation	6,525,160	3.03
MSCO CUSTOMER SECURITIES	6,448,666	3.00
ML PRO SEGREGATION ACCOUNT	4,632,502	2.15
Nippon Life Insurance Company	3,716,586	1.73
Meiji Yasuda Life Insurance Company	3,631,110	1.69
Mizuho Bank, Ltd.	3,325,064	1.55

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

Supplementary Explanation Updated

Shareholding percentage is calculated by using 215,078,245 shares as a denominator which arrives from total issued shares (226,126,145) less treasury shares (11,047,900).

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (“TSE”) First 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

n.a.

## 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 &amp; supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit &amp; Supervisory Board Member” in this report. Accordingly, JSR 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 2022 amounted to less than 0.7% 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 2021.</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 continually contributing further to the 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 &amp; supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit &amp; Supervisory Board Member” in this report. Accordingly, JSR 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 continually contributing further to the 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 &amp; supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit &amp; Supervisory Board Member” in this report. Accordingly, JSR 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 is currently serving 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 2022 amounted to less than 0.1% of JSR Group’s consolidated net sales..</p>	<p>Dr. Iwasaki is the Representative Director and Japan General Affairs of Takeda Pharmaceutical Company Limited.</p> <p>He has vast experience in the corporate management of global pharmaceutical companies and possesses the perspectives as independent outside personnel. He is expected to contribute his such experiences and outside and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company’s fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group’s corporate value. He is, therefore, appointed as an outside director.</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 &amp; supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit &amp; Supervisory Board Member” in this report. Accordingly, JSR 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 2022 amounted to less than 0.2% of those of Nikon Corporation for the previous business year ending in March 2021.</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 is expected to contribute his such experiences and outside and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company’s fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group’s corporate value. He is, therefore, appointed as an outside director.</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

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

Supplementary Explanation Updated

(1) Nomination Advisory Committee

- 1) JSR 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 JSR'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 6 members consisting of 4 independent outside directors and 2 inside directors. Tadayuki Seki, who is an independent outside director, serves as the chairperson.
- 3) Numbers, months, and attendance of the meeting in FY ending March 2022  
The committee held in total 4 meetings in FY ending March 2022 (in April, July, December 2021 and in January 2022), and all of the members including the chairman attended all of the meetings

(2) Remuneration Advisory Committee

- 1) JSR 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

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 CEO and the 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) Updated

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Junko Kai	Lawyer													
Takaaki Tokuhiko	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)

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 &amp; supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit &amp; Supervisory Board Member” in this report. Accordingly, JSR 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</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 is appointed again to serve as an outside audit &amp; supervisory board member during the term of her office.</p>

		has important concurrent positions.	
Takaaki Tokuhiro	Independent Audit & Supervisory Board Member	<p>(1) Mr. Tokuhiro meets the independence standards set forth by Tokyo Stock Exchange and the “Criteria for judging independence of outside directors and audit &amp; supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit &amp; Supervisory Board Member” in this report. Accordingly, JSR 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. Tokuhiro has important concurrent positions.</p>	<p>Mr. Tokuhiro 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 is appointed to serve as an outside audit &amp; supervisory board member.</p>

**[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. JSR 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  
 JSR 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 JSR 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	<u>Updated</u>
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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

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 Updated

### 1. Amount of Remuneration for Directors and Audit & Supervisory Board Members (for FY ending March 2022)

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)	9 (3)	285 (43)	4 (3)	50 (22)
Annual Bonuses to Directors for this fiscal term (ditto)	5 (-)	182 (-)	- (-)	- (-)
Mid-term Performance-linked Bonuses (ditto)	6 (-)	- (-)	- (-)	- (-)
Performance Share Units (ditto)	5 (-)	120 (-)	- (-)	- (-)
Restricted Stock Shares (non-monetary compensation) (ditto)	5 (-)	232 (-)	- (-)	- (-)
Total (ditto)	9 (3)	819 (43)	4 (3)	50 (22)

(Notes)

(The number of Directors and Audit & Supervisory Board Members and the amount of remuneration thereto given in the table above include one director 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 2022

Name	Total amount of consolidated remuneration, etc. (JPY million)	Position	Company	Amount by type of consolidated remuneration (JPY million)				
				Basic Remuneration	Annual Bonuses	Mid-term Performance-linked Bonuses	Performance Share Units	Restricted Stock Shares (non-monetary compensation)
Mr. Eric Johnson	575	Rep. Director CEO	JSR Corporation	60	63	-	77	173
		President	JSR North America Holdings, Inc.	61	63	-	77	-
Mr. Nobuo Kawahashi	163	Rep Director President	JSR Corporation	80	30	-	27	29

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 FY2021 of 112.38 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

	Performance Evaluation Reference		
	Target	Result	Payout Ratio
Consolidated Revenue	318.0(JPY million)	341.0(JPY million)	154.0%
Consolidated Core Operating income	43.0(JPY million)	43.3(JPY million)	102.2%

#### (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 Executive Managing Officers, Managing Officers and Senior 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 on the payout ratio in the range of 0~200% based on the results of the five-point evaluation deliberated and confirmed by the Nomination Advisory Committee. 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

The Company paid to its directors excluding outside directors Mid-term Performance-linked bonuses for a 3-year evaluation period. Performance evaluation reference is the most recent 3years' average of ROE and the target, actual results and payout ratio thereof are shown in the table below. The bonuses for the 3-year evaluation period beginning in FY ending March 2020 will not be paid because the consolidated average ROE for the 3-year period used as a performance evaluation reference fell below 6% as shown below.

Changes in Consolidated annual ROE ratio

FY Mar 2018	FY Mar 2019	FY Mar 2020	FY Mar 2021	FY Mar 2022
8.8%	7.8%	5.7%	-15.1%	10.5%

	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%

3-Year Average of Consolidated annual ROE

Fiscal Years From - to	Target	Actual	Payout Ratio
FY Mar 2018 - FY Mar 2020	10%	7.4%	50%
FY Mar 2019- FY Mar 2021	10%	-0.5%	0%
FY Mar 2020- FY Mar 2022	10%	0.4%	0%

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, chairman emeritus 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 &amp; 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 &amp; Supervisory Board Members as of the conclusion of the meeting is four (3 full-time audit &amp; supervisory board members and 1 outside audit &amp;</p>

			supervisory board member).
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"> <li>✓ 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</li> <li>✓ Maximum number of shares to be granted: 400,000 shares for target period</li> </ul> (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"> <li>✓ Up to 400 million yen per year and up to 400,000 shares per year</li> <li>✓ 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.</li> </ul> (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	100	100	200	200	100 : 500
	President	100	30	About 38	About 38	100 : 105
	Concurrently serve as Executive Managing Officer / Managing Officer / Senior Officer	100	25	About 23	About 23	100 : 70

\* Each of Executive Managing Officers, Managing Officers and Senior Officers who hold concurrent positions as directors receives an allowance separately from the remunerations described in the table above.

#### (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 FY2021

	Range of payout ratio according to the level of
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Payout ratio	achievement relative to performance goal		
	0%	100% (goal)	200%
Consolidated sales revenue	JPY 275.4 billion or lower	JPY 318.0 billion	JPY 360.6 billion or higher
Consolidated core operating profit	JPY 29.1 billion or lower	JPY 43.0 billion	JPY 56.9 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 the 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 Executive Managing Officer, Managing Officer and Senior 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 (Eric Johnson) and President (Nobuo Kawahashi) finalize 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	achievement relative to performance goal					
	Less than 6%	6% or more	8%	10%	12%	14% or more

Unit payout ratios	0%	50%	50%	100% (Target)	150%	200%
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※ 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

$$\text{Base number of stock units} \times \text{Pay-out rate} \times 50\%$$

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

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

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

$$\text{Number of fixed stock units} (\times 1) \times \text{stock price at delivery}$$

※ 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 the Representative Director President, and under the guideline, the Representative Director CEO and the Representative Director 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 is five times the total annual Basic Remuneration, and the base amount for the Representative Director President is the same amount as 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)

**[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.

JSR 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 extra ordinary 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.]**

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. Mitsunobu Koshiba	Chairman Emeritus	To do outside activities such as in industry group and to provide information asked by management personnel, but not involved in any management decisions of the Company	Full time with remuneration	June 17, 2021	1 year
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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
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## 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 members, JSR 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.

JSR 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, JSR 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

18 meetings were held in fiscal year 2021 ending in March 2022, of which attendance ratio was 100% (all of the members of directors and audit and supervisory board members attended all of the meetings).

JSR 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, President, and officers or general managers appointed by the CEO or 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 or 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, President, and officers appointed by the CEO or 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, 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

JSR 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 CEO or the 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 JSR's independent auditor is KPMG AZSA LLC.

b Three (3) certified public accountants, Iwao Hirano, Toshiyuki Tamura, and Yukihiro Kase, 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 2022, JSR 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 86 million
- Total remuneration to be paid by JSR and its subsidiaries: JPY 115 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, rather than CSR (corporate social responsibility) activities.

The SPC is a body that deliberates and coordinates policies on sustainability activities and other matters concerning sustainability with attention to domestic and international developments related to ESG and the SDGs. The Company sets up the following four committees under the SPC: the Sustainability Planning Committee, the Environment, Safety and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee. The SPC integrates and guides the activities of the above four committees and meets four times each year along with special meetings as necessary to further strengthen the management of Company. In principle, the SPC submits quarterly reports on its activities to the Board of Directors. It is monitored and supervised by the Board of Directors.

The Sustainability Promotion Committee is chaired by the President, and in addition to the officers in charge of corporate planning, manufacturing and technology, procurement and logistics, quality assurance, safety and environment affairs, research & development, human resources development, accounting, finance, corporate communications, general affairs, legal affairs, compliance, IT strategy, cyber security management, sustainability promotion, diversity promotion, digital solutions business, life sciences business, and the plastics business, representatives of the above four committees also participate, operating in a manner that covers every functional department and business division of the JSR Group.

### (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 JSR 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

JSR 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 law offices.

The following are the activities made in FY ending March 2022 for enhancement of corporate governance of the JSR Group.

- (1) The JSR Group has been issuing "The JSR Group Sustainability Report" annually both in Japanese and in English and thereby promoting unified Sustainability activities among both domestic and overseas group companies. T

- (2) In order to further enhance activities relating to corporate ethics, JSR 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) As part of our business continuity efforts, we have implemented measures against the spread of the novel coronavirus (COVID-19), such as maintaining and enforcing a code of conduct to keep the Group's major manufacturing, research, and development sites in Japan, Asia, Europe, and the United States in operation, ensuring the use of masks and other protective gear, restricting outside visitors, sharing information with employees worldwide, and continuing work-from-home at each business location. In the Tokyo and Yokkaichi areas, we conducted workplace COVID-19 vaccinations for employees, including those of Group companies, and their families.
- Regarding the situation in Ukraine, in addition to the impact on the Group’s supply chain, including raw material procurement and transportation in Japan, Asia, Europe, and the United States, we have also identified impacts on our customers and are working to address these issues. At the same time, we have also conducted activities to raise awareness about cyber attacks among employees.
- While respecting the cultural differences and distinctive characteristics of each of our business locations around the world, the JSR Group is working on crisis management and business continuity by establishing BCP task forces as necessary and ensuring swift, 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) The Company has been systematically performing environment and safety audit at manufacturing plant and laboratory of the Company as well as domestic and overseas group companies with manufacturing facilities. Starting from the FY ending March 2016, the Company has changed programs for audit such as items, duration, departments for audit based upon the rolls of departments in charge for carrying out auditing and those of departments receiving such audit and improved the effectiveness of audit by holding dialogues with its employees and discussion on major challenges of the each business premises, in order to achieve further understanding on the effectiveness of PDCA on such audits and the details of activities to improve safety awareness made at each of its business premises.
- (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

JSR is a company with audit & supervisory board members. 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)] JSR’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	JSR dispatched the convocation notice and meeting materials for ordinary general meeting of shareholders on May 26, 2022, 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 2 days prior to the date of dispatching such materials.
Scheduling AGMs Avoiding the Peak Day	Ordinary general meeting of shareholders for FY ending March 2022 was held on June 17, 2021.
Allowing Electronic Exercise of Voting Rights	JSR has allowed its shareholders to exercise voting rights by electronic means since 2004. In addition, JSR 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	JSR has been participating in the Electronic voting Platform for institutional investors since 2006.
Providing Convocation Notice in English	JSR 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	As for convocation notice and other documents prepared for its ordinary general meeting of shareholders, JSR 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) 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 77th ordinary general meeting of shareholders held in June 2022, 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.
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## 2. IR Activities Updated

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	JSR 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	JSR 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 CEO, President, or the officer in charge of IR on the Company website. In FY2021, the officer in charge of IR held three 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 FY2021, 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, the president and/or an officer in charge of IR goes to investors in North America, Europe, and Asia to hold briefings. In FY2021, small meetings and roadshows for overseas investors were conducted online.
Posting of IR Materials on Website	IR materials posted on the Company's website include: business performance, IR information video (in which CEO or the president appears), 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 JSR <a href="https://www.jsr.co.jp/jsr_e/ir/">https://www.jsr.co.jp/jsr_e/ir/</a>
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, JSR 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)] JSR'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.	Creating value through materials to enrich society, people and the environment is the JSR Group’s corporate mission and the significance of its existence. JSR considers it is important to behave faithfully as a good corporate citizen and meet the expectations of our stakeholders in such a process. Since the code of conduct to achieve the above targets is the JSR Group’s Sustainability Activity, the Company places it as an important issue of business management. Four committees (Corporate Ethics Committee, Environment, Safety and Quality Committee, Risk Management Committee, and Sustainability Planning Committee) centering on the Sustainability Promotion Committee have responded to new themes associated with the requirements of a society that increasingly becomes sophisticated. Furthermore, as a member of the chemical industry, the Company has promoted Responsible Care—a voluntary initiative to improve safety, health, and environmental performance—and disclosed information by posting the details and results of its activities on JSR Group’s Sustainability report.
Development of Policies on Information Provision to Stakeholders	JSR 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

JSR believes that understanding and accepting diverse human resources regardless of gender, nationality, business background, and their diverse values will lead to the generation of unique inspiration and innovation. The Company sets promoting value creation through diversity as a managerial target. To achieve the above targets, it established the Diversity Development Office in 2015 as a body dedicated to promoting Diversity, Equity & Inclusion (DE&I) and is currently implementing pertinent initiatives accordingly.

As one of our initiatives to support the participation of a diverse range of personnel, we have identified the advancement of our female employees as an important issue to be addressed. The proportion of female managers at JSR is 5.6% as of 2022/04/01, and is increasing every year. However, on a non-consolidated basis, while female employees comprise approximately 20% of JSR's workforce, the percentage of executives and managers is low at approximately 10% and 5.6%, respectively, resulting in a large discrepancy between the gender ratio among employees and among more senior positions. While we have been undertaking various initiatives to support female employees in their careers, JSR has set a new KPI of achieving a 10% ratio of female managers by 2030, and will continue to focus on this as a business issue. In addition, since 2010, we have set targets for the percentage of women in our new graduate intake, and we will continue our efforts in this area as well.

In terms of systems, the Company has taken measures to support employees in a variety of ways of working, such as easing the requirements for working at home, which started with the support of balancing child-rearing and nursing care, and changing the system to what can be flexibly applied for each job or department. As a result of the flexible operation of systems and the expansion of IT infrastructure, remote work has also progressed in measures against COVID-19 centered on the head office. Taking this opportunity, the Company is working to create a corporate culture in which new ways of working are accepted and utilized.

As part of our efforts to achieve a more global workforce, we have been working to expand employment and diversify human resources by hiring foreign students and accepting employees from overseas subsidiaries on secondment to JSR. In addition, by strengthening networks between the personnel divisions of the JSR Group's domestic and overseas business sites, we are examining the appointment of local personnel to the management teams of overseas subsidiaries and promoting the exchange of personnel between Japan and overseas.

Furthermore, the Company is promoting not only women but also many mid-career hires and foreign nationals to core positions, including as managers and executives, where they are thriving. Because promotions and appointments to management and executive positions are made based on ability and performance, without distinctions for women, mid-career hires, and foreign nationals, the Company does not set any voluntary and measurable targets for the promotion of foreign employees and mid-career hires to managerial positions. Nonetheless, the Company will continue working to ensure diversity in its appointment of core personnel by, among other actions, supporting employees' autonomous career development and fostering career awareness.

The proportion of people with disabilities among our employees is 2.59% as of March 2022 (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. Although there are still only a few people with disabilities working in manufacturing, laboratories, and other departments that handle hazardous materials, we are working to expand the job opportunities for people with disabilities while ensuring their safety. In addition, in order to encourage more people with disabilities to work as members of JSR 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. The farm’s vegetables reached a sufficient quantity to be served in the company cafeteria by March 2022, and were harvested, cleaned, and shipped jointly with member employees working at head office. The harvested vegetables were sent directly to JSR's Yokkaichi Plant and served in the Yokkaichi Plant cafeteria.

For details on the Company’s policy for hiring and appointing diverse human resources as well as numerical targets and achievements in the area of promoting women's participation, please see the “Diversity, Equity and Inclusion” section of JSR Corporation’s Sustainability Report ([https://www.jsr.co.jp/jsr\\_e/sustainability/2021/society/diversity.shtml](https://www.jsr.co.jp/jsr_e/sustainability/2021/society/diversity.shtml)). For information on the Company’s policies related to human resources development and improving the organizational environment as well as details concerning the implementation of those policies, please see the “Labor Environment” section of the same report ([https://www.jsr.co.jp/jsr\\_e/sustainability/2021/society/labor\\_environment.shtml](https://www.jsr.co.jp/jsr_e/sustainability/2021/society/labor_environment.shtml)). [Supplementary Principle 2-4-1]

## 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 Activity 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 safety, environmental affairs, accounting, finance, general affairs, legal affairs, compliance and sustainability promotion provide support and services to Group Companies.

2) At Group Companies

- a At the Group Companies in Japan 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 in Japan 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 At overseas Group Companies, the Board of Directors holds meetings on regular basis and deliberates and decides important business matters in accordance with the relevant internal rules and regulations
- d 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 “JSR 20i9” 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) As for the major risks other than those described in the preceding paragraph 1) above, Risk Management Committee of the Company chaired by the officer responsible for Corporate Planning, determines appropriate countermeasures in relation to the degree of visible or potential risks, as well as enhances preparation and implementation of the risk management plans of JSR Group made by the relevant Committees (Corporate Ethics Committee, Environment, Safety and Quality Committee) or by individual business divisions, or proceeds company-wide risk management activities.
- 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 CEO or the President and manager of 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.
- a

## 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

JSR 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, JSR 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.

JSR 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, JSR 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, JSR 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 JSR and JSR Group companies to the Sustainability Promotion Committee when a crisis occurs.

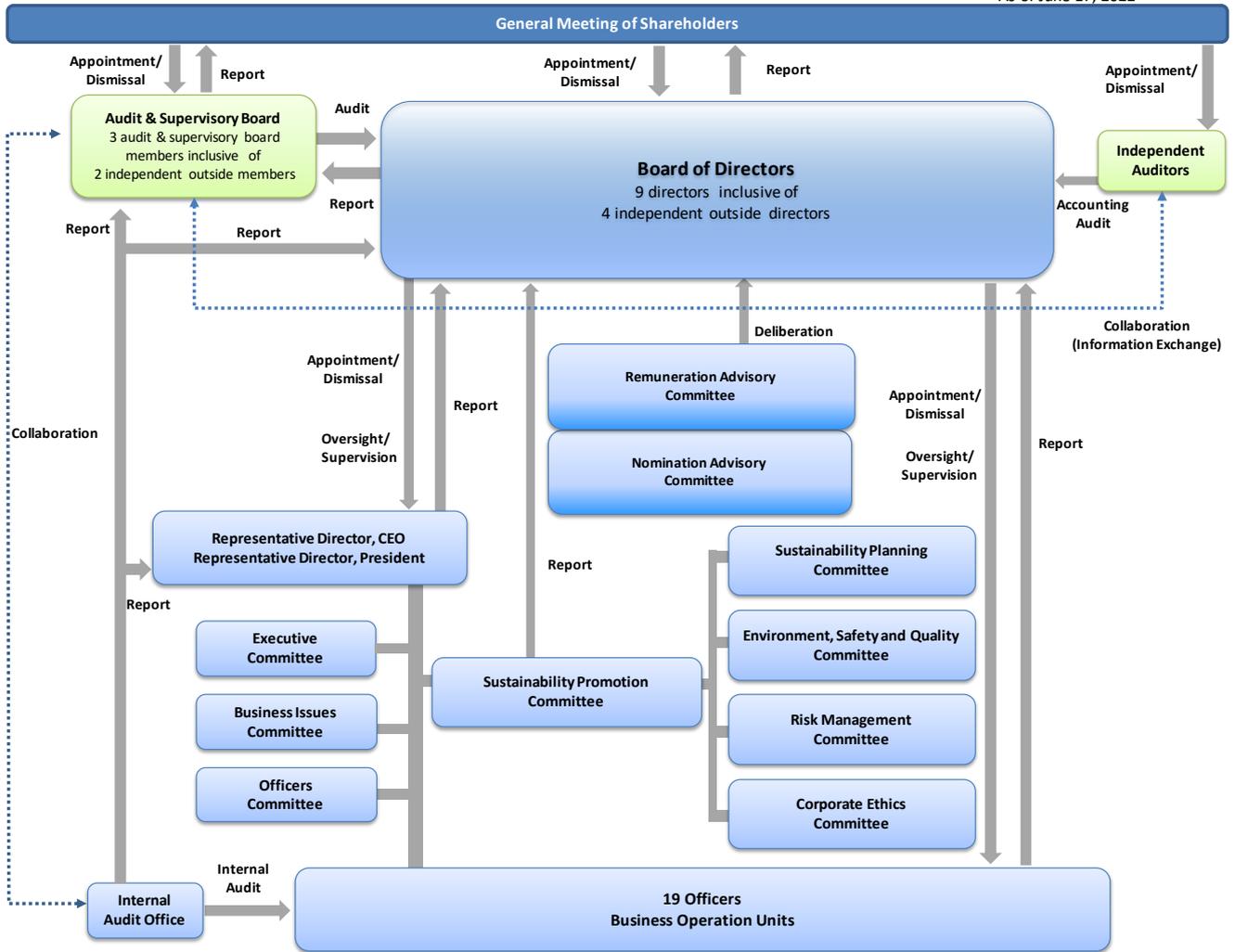
d Disclosure of information

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 17, 2022



### Information Disclosure Structural Diagram

