



MATERIALS INNOVATION

JSR REPORT 2023

For the year ended March 31, 2023



Editorial Policy

Our corporate mission, “**Materials Innovation,**” states that “**We create value through materials to enrich society, people, and the environment.**” Based on this mission, we seek to provide the materials that are indispensable to society and thereby contribute to society and earn its trust.

The JSR Report is created to help all stakeholders, including shareholders and investors, to better understand JSR Group’s business model and corporate value. It contains financial information such as 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.



About the Cover

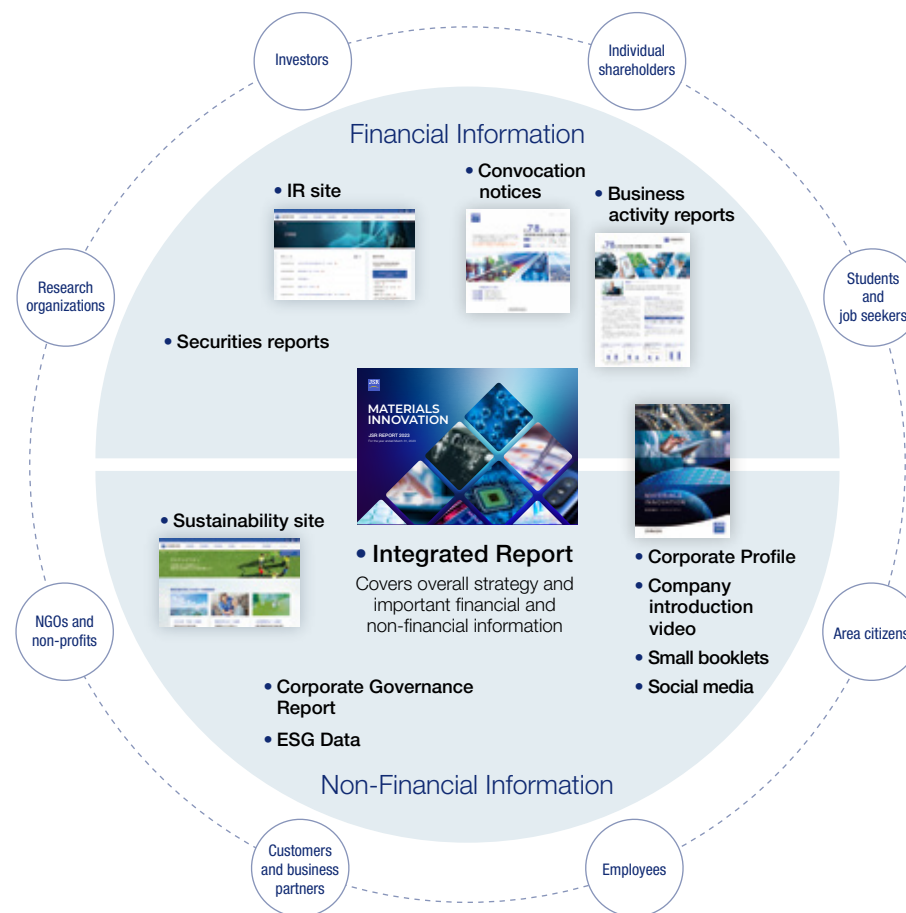
The creation of cutting-edge materials through materials innovation embodies the business fields of JSR Group that continue to have positive impacts on society. With our corporate mission of “Materials Innovation,” we will continue to create value as a technology company to contribute to the sustainable society.



Forward-looking Statements

Forward-looking statements regarding the Company’s future plans, strategies, projected performance and outlook are based on information available at the time of writing. Readers are cautioned that economic trends in JSR’s target markets and other risks, and factors beyond the Company’s control could cause actual results to differ materially from those projected by management. In this report, Fiscal Year (FY) means the year ending March 31. For example, FY2022 means April 1, 2022 – March 31, 2023. FY2023 forecasts are as of April 2023.

Information Disclosure System and Target Readers



Please refer to the JSR website for the latest forecasts.
https://www.jsr.co.jp/jsr_e/ir/library/presentation.html

Corporate Mission and Contents

Materials Innovation

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

Management Policies

Our efforts to realize the corporate mission of JSR Group are guided by management policies consisting of two core components. The first is a set of universal and unchanging “fundamental pillars of management” through which we work to achieve continuing growth. The second is our “responsibilities to stakeholders,” which are an expression of our responsibilities as a good corporate citizen.

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**
Our responsibility to all JSR Group customers and business partners.
- **Responsibility to our employees**
Our responsibility to all JSR Group employees.
- **Responsibility to society**
Our responsibility to the communities in which we live and work and society around the world.
- **Responsibility to shareholders**
Our responsibility to all shareholders.

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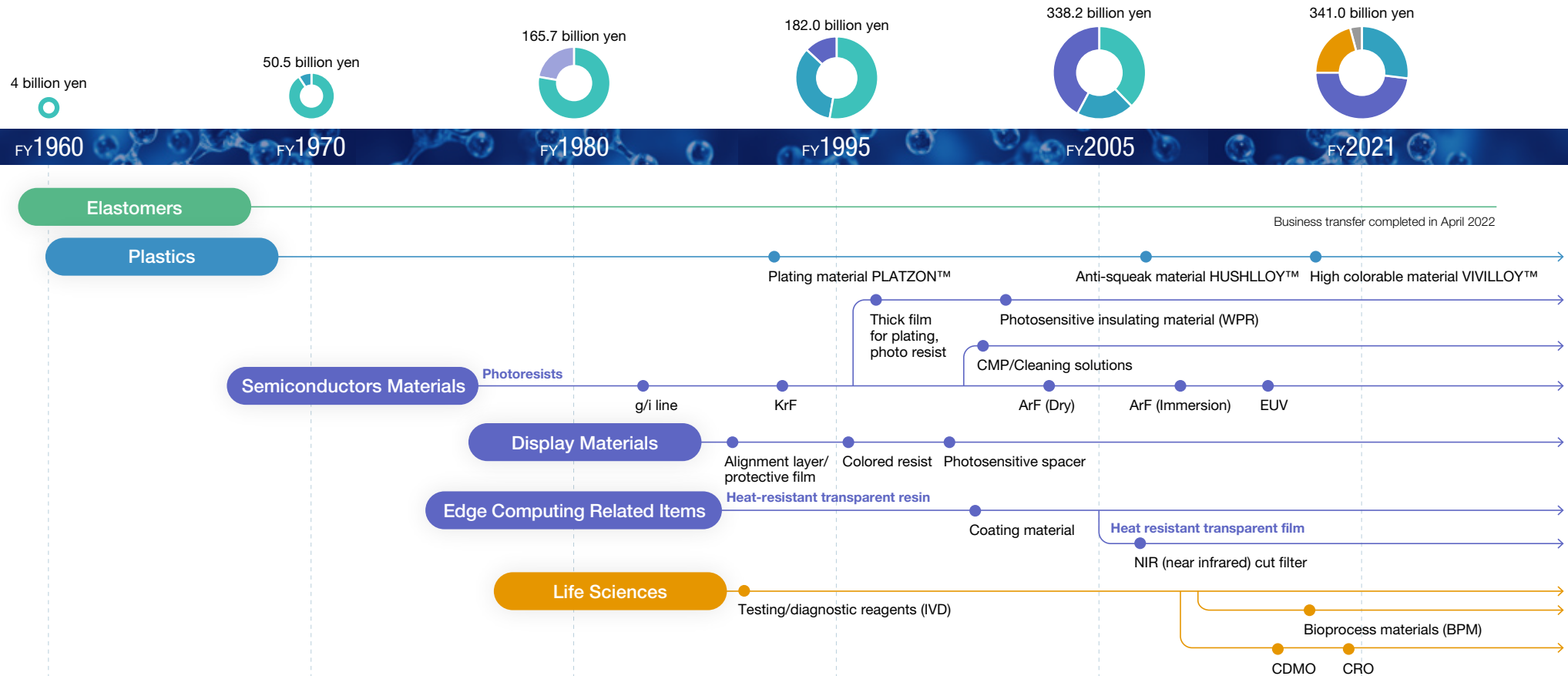
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Trajectory for Achieving Our Corporate Mission

As a leading technology company, JSR has had important impacts on society while optimizing its business portfolio by responding to the changes and needs of the times.

Shift in the business portfolio (The size of the circle represents amount of sales)

■ Elastomers ■ Plastics ■ Digital Solutions ■ Plastics & Digital Solutions ■ Life Sciences ■ Others



Contribution to society through business (impacts)

For example, the spread of automobiles

We launched domestic production of synthetic rubber in 1960 and contributed to the development of motorization. Moreover, plastics are now used for interior materials, contributing to ride comfort.



For example, the spread of electronics

Photoresists, which enable miniaturization, used in the semiconductor manufacturing process make it possible to develop high performance electronic equipment, thereby contributing to the development of the information and communication industry.



For example, at the height of LCD televisions

Utilizing our polymer technology, we have developed a wide range of product lineups that contribute to high brightness and high definition LCD displays. In addition, our products have also contributed to the spread of flat-screen televisions.



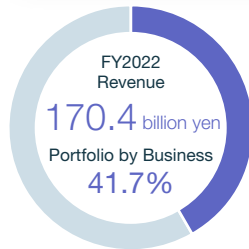
For example, the development of biopharmaceuticals

JSR developed Protein A Affinity carrier using its proprietary polymer particle. This contributes to increased productivity in the manufacturing process of biopharmaceuticals.



At a Glance

Digital Solutions Business



Achieving a wide array of digital technology with world class products

Semiconductor Materials Business

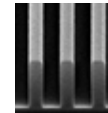
We feature a wide lineup of products to meet the needs of the world's semiconductor manufacturers, including lithography materials to support semiconductor production processes (photoresists, multilayer materials), CMP* materials, cleaning solutions, and advanced packaging materials used in device packages.

Display Materials Business

We offer Alignment Layer and Passivation Coat used in liquid crystal display panels for smartphones, LCD TVs, etc.; Passivation Coat and Planarization Layer for OLED displays; and other materials meeting the need for lightweight, power-saving devices with excellent picture quality.

Edge Computing Business

We offer materials applicable for technological innovation through ICT and AI, and for the evolution of mobile devices.



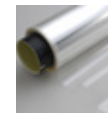
Lithography Materials

Used for miniaturization of electronic elements and circuits on substrates in semiconductor production processes, these photosensitive materials help to miniaturize semiconductor chips while boosting their performance.



LCD Materials

Materials used in liquid crystal displays to achieve power savings and excellent picture quality.

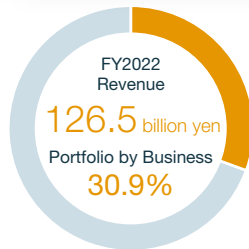


Heat-resistant transparent resin ARTON™

ARTON™ is a transparent resin material with excellent optical properties, dimensional stability, and heat resistance. It makes optical correction displays possible as well as enables photographs to capture natural colors as a built-in camera feature.

* Chemical and mechanical planarization

Life Sciences Business



Contributing to healthy life expectancy by supporting drug discovery in oncology

JSR Group's drug discovery and development services operate a contract development and manufacturing organization (CDMO) for biologics and a contract research organization (CRO). We also provide materials and services using the latest technology, such as diagnostic reagents that contribute to more advanced disease diagnosis and preventive diagnosis, and bioprocess materials used to purify antibodies and drugs.



Drug Discovery and Development Services

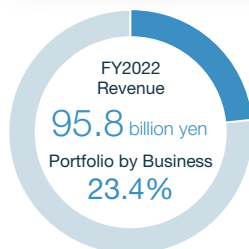
We have a global support system covering all aspects from drug discovery to manufacturing, which increases the probability of successful drug development and shortens development times.



Bioprocess Materials for Diagnostic and Research Reagents

Materials for the isolation and purification of biomaterials like proteins and cells and in vitro diagnostic reagents for diagnosing disease, which are key to personalized medicine. Materials that support the optimization of biologics manufacturing processes.

Plastics Business



Offering high quality, high performance ABS resins for all five senses

Offering anti-squeak materials, non-coated high colorable materials, and plating materials for automobiles, with a primary focus on ABS resins used for a wide range of purposes, including automobile parts, household appliances and building materials. Using JSR Group technological capabilities flexible enough to meet a variety of needs to develop unique products and design components that combine multiple desirable characteristics, providing users around the world with products of consistently high quality and added value.



ABS Resin

Providing heat- and weather-resistant grades of ABS used in automobile and building materials, with high resistance in practical use, impact resistance, workability, and weather resistance.

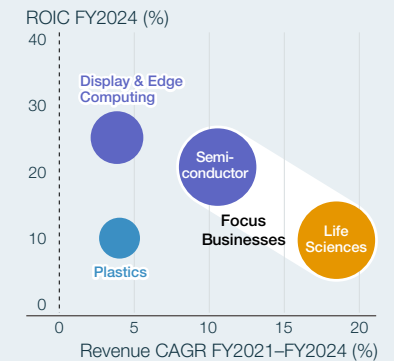


HUSHLLOY™ Anti-Squeak Material

Prevents unpleasant squeaking when parts rub against each other; the anti-squeaking effect lasts for the lifetime of the product and helps to lower parts costs.

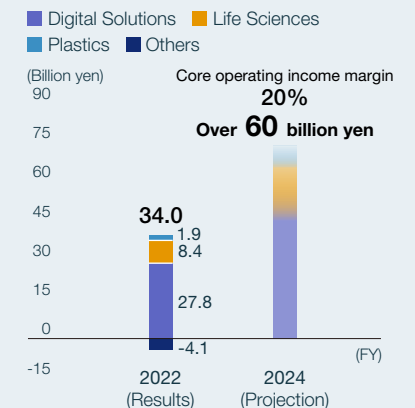
Target Business Portfolio in FY2024

Digital Solutions Business & Life Sciences Business become core businesses



* Circle size: Core operating profit in FY2024

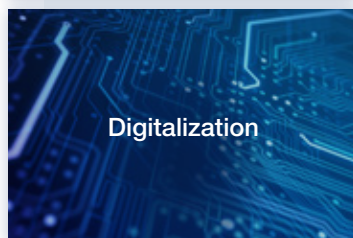
Core operating profit is expected to reach a record high of over 60 billion yen



The Search for Solutions to Society's Problems

With a long-term view of social issues, JSR Group has identified the following four macrotrends. We aim to contribute to society by clearly identifying risks and opportunities for the company.

Macrotrends seen by JSR (social issues)



Opportunities for growth

- Increased momentum to reduce lifecycle CO₂ emissions (Climate change issue comes into focus)
- Increased demand for environmentally conscious products
- Living structure reform
- Widespread of advanced decarbonization technology
- Changes in the automotive industry and impact of EVs becoming mainstream
- Increased demand for recycled and recyclable resins

Potential risks

- Enhanced GHG emissions regulations
- Setting and the rising of carbon pricing
- Emergence of customers requiring decarbonized products (RE100, etc.)
- Progress in low-carbon energy sources
- Sustainable financing becoming mainstream
- Changes in securing human resources

Contributions to society, resolution of issues



JSR Group's outstanding technological capabilities are always advancing. Our aim is to leverage them to contribute to smart societies built on IoT, AI, and 5G and to realize societies where every person in the world can live more prosperously.



JSR offers materials and services powered by the latest technologies. These bring greater efficiency and speed to biopharmaceutical development processes. We are also helping to enhance health and longevity in society by offering products and services to enable personalized medicine.

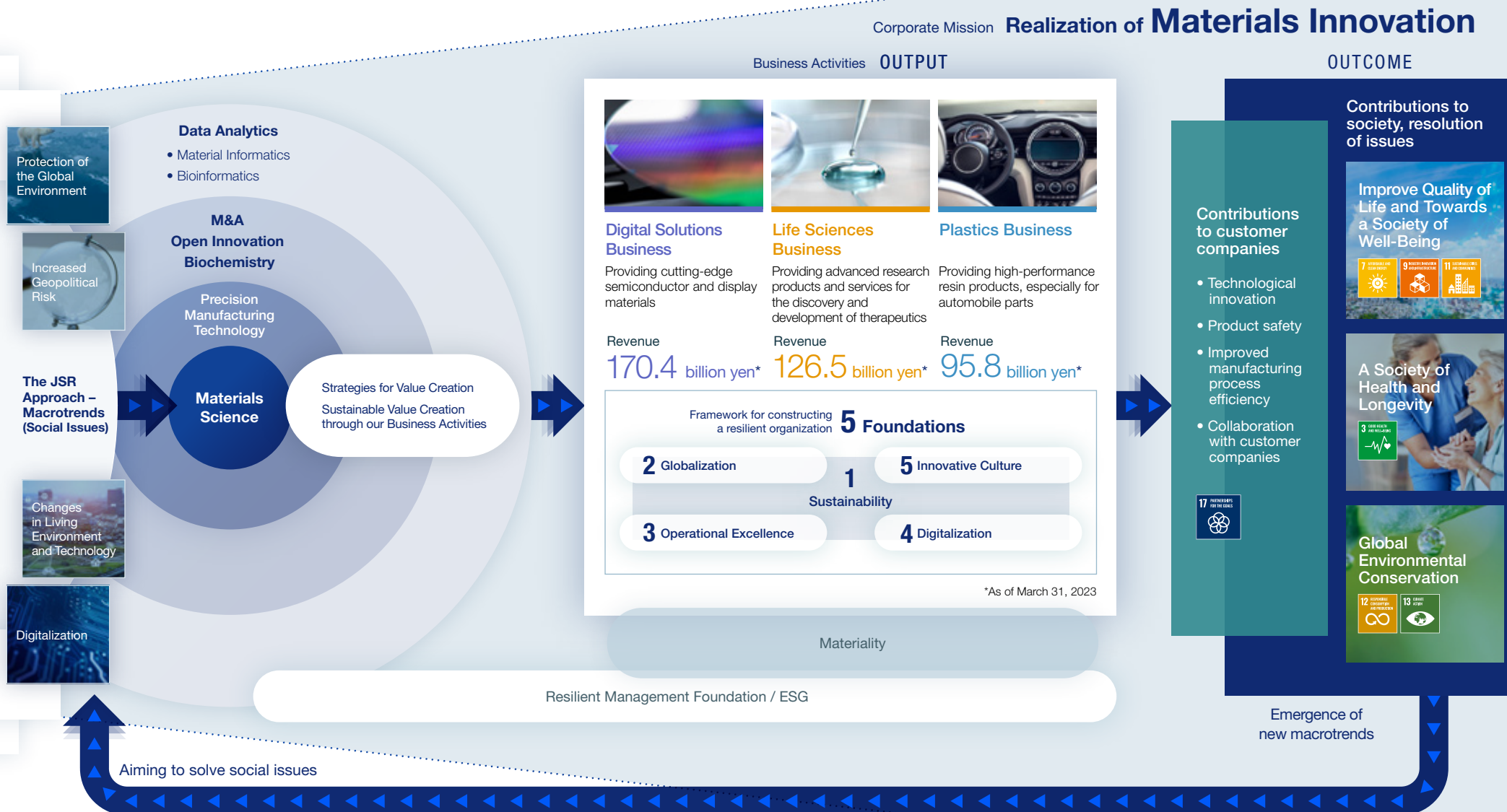


JSR Group is working to protect the global environment not only at the manufacturing stage but from many different angles. This includes creating new business opportunities that could help reduce the environmental impact of products themselves.



Medium- to Long-term Value Creation

We seize upon social issues and use JSR's technological strengths to strive to contribute to society and increase our corporate value.



JSR's Materiality

JSR's materiality is formulated from both aspects of Business Activity and Management Foundation. Materiality is also reflected in the Medium-term Management Policy announced in March 2021, and positioned as the core of our resilient management foundation.

Materiality will evolve based on changes in demands from society, as well as opinions and needs from various stakeholders. We will continue to review and identify materiality going forward.

Implementation of materiality review and identification

1. Confirm the appropriateness through engagement in Responsible Care activities, with experts and employees, at an appropriate timing.
2. Regularly review and ensure the transparency and persuasiveness of the process of materiality identification through exchanging opinions with experts at the time of formulating the new Medium-term Management Policy.

Identification process

Business Activity

Interviews of each business division

Conduct interviews and discussions on the positive and negative impacts with each of the four business divisions

Digital Solutions Business

Life Sciences Business

Elastomers Business

Plastics Business

Joint discussion among business divisions

Understand the positive and negative impacts of JSR Group

Summarize both positive and negative impacts of the entire Group for all four businesses

Management Foundation

Two workshop sessions with younger employees

Ten young employees of JSR engaged in a discussion on priority for JSR's key themes with consideration for balanced diversity without bias towards specialized departments

Environment

Employees (DE&I and work styles)

Health and safety

Human rights

The above were extracted.
We were able to collect valuable opinions from general employees across the company who were not in specialized departments.

Workshop involving specialized departments

In response to the results of the two workshop sessions, we conducted more in-depth work on the main topics of environment and employees involving specialized departments.

Exchange of opinions concerning the supply chain between seven manager level staff of each department

Exchange of opinions between employees of specialized and other departments

JSR Corporation's Materiality

Business Activity

Promoted for each business
Impacts of outcomes

Contribution to quality of life and happiness

Contribution to a healthy and long-living society

Contribution to preservation of the global environment

Management Foundation

Promotion throughout the Group
Five priority issues

Environmental conservation and impact reduction

Employees, DE&I, and work styles

Health and safety

Respect for human rights

Supply chain

Corporate Governance

Materiality and Key Performance Indicators (KPIs)



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/management/issues.shtml

Materiality in Business Activity	Purpose	KPI	Progress and results in 2022	Goal (In FY2024)	Target
Contribution to quality of life and happiness	Digital Solutions Business <ul style="list-style-type: none"> Provision of materials to support digital development in a smart society Reducing power consumption in a smart society 	Sales of sustainability products Sustainability products sales ratio	2.3 times 2.0 times	3 times as many*1 2 times as many*1	Global
Contribution to a healthy and long-living society	Life Sciences Business <ul style="list-style-type: none"> Early development of medical products Improvement of development success probability and development efficiency 	Sales of sustainability products	126.5 billion yen	100 billion yen	Global
Contribution to preservation of the global environment	Plastics Business <ul style="list-style-type: none"> Comfortable driving by improving vehicle creak noise Providing products designed to support plastic recycling 	Sales volume of sustainability products Sustainability of products sales ratio	14,000 tons 7%	27,000 tons*2 10%*2	Global

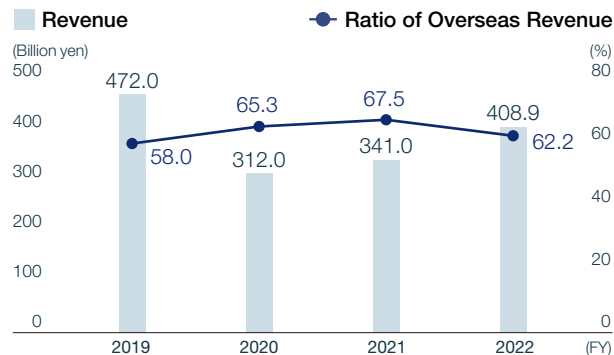
*1 Compared to FY2020

*2 Revised the definition of sustainability products and modified numerical targets

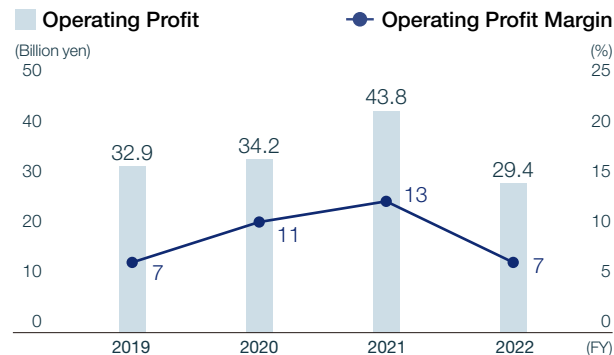
Materiality in Management Foundation	Purpose	KPI	Progress and results in 2022	Goal	Target
Environmental conservation and impact reduction	Reducing GHG emissions	Reduction of GHG emission (vs FY2020)	9.2% decrease ▶P.36	FY2030: -30% FY2050: -100%	Global
	Waste reduction	Final landfill amount	Maintained at 0.1% and below (DS, PL businesses) ▶P.37	<0.1%	Global
Employees, DE&I, and work styles	Increase employee engagement	Employee engagement	Advancing initiatives for clarifying our strengths globally and addressing common issues, along with individual initiatives particularly in Japan and North America ▶P.33	Continuously improve engagement and continue efforts to achieve this	Global
	Promote DE&I	Ratio of women in managerial positions	5.8% (as of March 31, 2023) 6.5% (as of April 1, 2023) ▶P.34	10% in FY2030	JSR Corp
Health and safety	Create a safe work environment	The number of workplace accidents The number of facility accidents	4 (lost time) 0 ▶P.40	Zero (Target to reduce by half in FY2023) Zero	Global
	Improve the health of employees	Obtain certification as an "Excellent Health Management Corporation (White 500)" by METI	Selected as a Certified Health & Productivity Management Outstanding Organization (not selected for White 500)	Obtain "White 500"	JSR Corp
Respect for human rights	Give all employees opportunities to learn about human rights	Participation rate in e-learning on respect for human rights	82% ▶P.41	>80%	Global
Supply chain	Strengthen supply chain management	Collection rate of acknowledgement of receipt received after sharing the JSR Group's CSR/Sustainable Procurement Policy and Human Rights Policy with our suppliers	90% ▶P.42	100%	Global
		Collection rate of RMI templates (survey on the use of Conflict Minerals and Cobalt) from our suppliers	CMRT: 88% EMRT: 88% ▶P.42	100%	Global

Financial Information

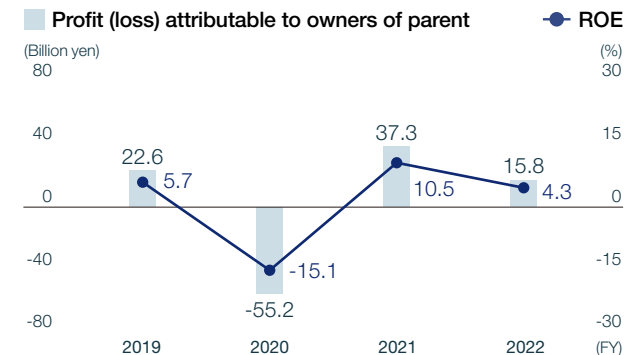
* The Elastomers Business has been categorized as a discontinued business from FY2021. Certain data for FY2020 is presented after reclassification.



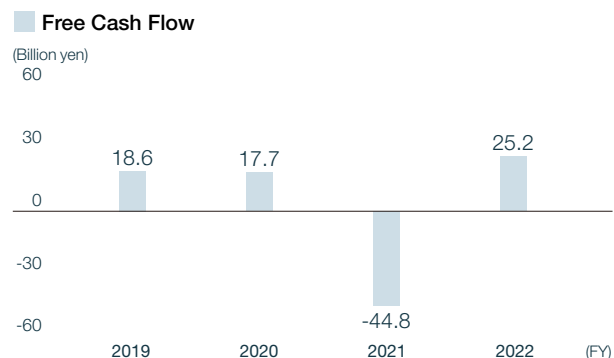
Revenue rose in the Semiconductor Materials Business and Life Sciences Business. The main markets of these two core businesses are located outside of Japan and, consequently, the ratio of overseas revenue continues to increase.



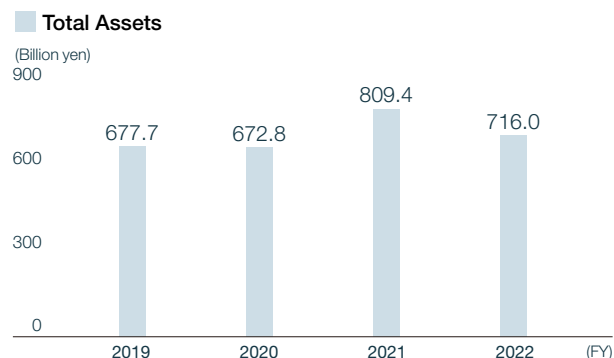
In order to achieve record-high profits of over 60 billion yen as set out in our management policy for FY2024, we will prioritize capital investment on high value-added products and strive to further improve profit margins.



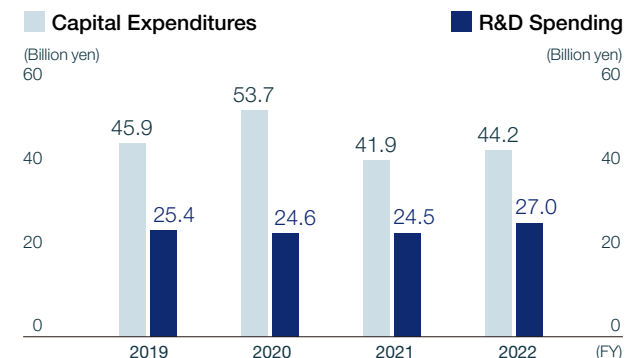
In order to achieve the ROE target of 10% or higher laid out in management policy for FY2024, we will prioritize the deployment of capital in high value-added products and further increase profits in an effort to boost ROE.



We are achieving sustainable profit growth while seeking to increase corporate value by steadily implementing investments in growth fields.

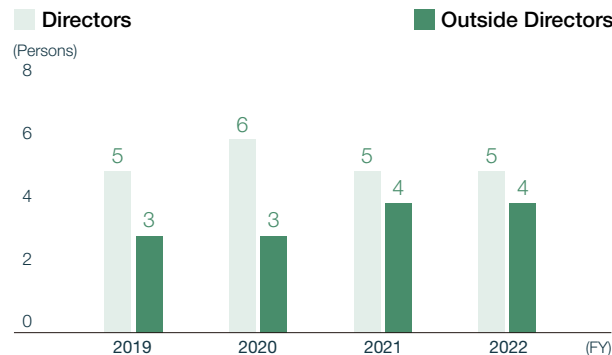


Assets are trending upward on M&A to expand our business operations. To maintain financial soundness, we have established medium-term resource allocation plans and manage asset efficiency and investment efficiency using ROIC and ROE on a company-wide and business segment basis. We are also working on debt capacity monitoring to maintain financial soundness and diversification of capital procurement methods.

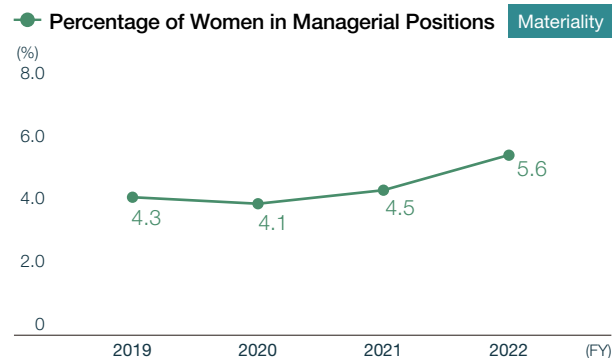


We anticipate operating cash flow of around 250 billion yen during management policy period. Around 140 billion yen of this amount will be committed to CAPEX in the form of investments in the Semiconductor Materials Business and Life Sciences Business. Other uses will involve growth investments, including M&A, while increasing agility and flexibility.

Non-Financial Information



In FY2019, JSR Corporation appointed a foreign national to CEO for the first time, while a female internal director was elected for the first time in June 2020, in order to address the rapid changes in business environment characterized by globalization, IT adoption, and digitalization. In FY2021, a foreign national was elected as outside director, further increasing the diversity of the Board of Directors.



JSR Corporation is evolving itself in response to the changing needs of employees in terms of respect for diversity, equity and inclusion. We are moving ahead with measures targeting the KPI of having women occupy 10% of managerial positions by FY2030.

* As of April 1 of each FY

Number of Employees (Consolidated)

7,994 persons

Global Network

Japan 19 locations

Overseas 28 locations

As of July 1, 2023

Greenhouse Gas Emissions

(Materiality)

218 thousand t-CO₂

Energy Usage

(Including Elastomers Business)

0.33 KL/ton

Amount of waste

(Final landfill amount)

(Materiality)

Maintain at 0.1 % or less
(Digital Solutions, Plastics)

Number of Workplace Accidents

(Materiality)

JSR Corporation 1

Manufacturing Partners of JSR Corporation 0

Group Companies in Japan 2

Manufacturing Partners of Group Companies in Japan 2

Group Companies Overseas 1

Manufacturing Partners of Group Companies Overseas 0

Employment Rate of Persons with Disabilities

2.47 %

Number of Patents Held

4,930

CEO Message



Our Path to Enhanced Societal and Stakeholder Value

Eric Johnson
Representative Director, CEO, President

Strategic Partnership with JICC

On June 26, 2023, we reached an agreement with JIC Capital Co., Ltd. (JICC) to proceed with a public Tender Offer for our issued shares, as outlined in the “Announcement of Opinion on Scheduled Commencement of the Tender Offer and Recommendation for all our shareholders to tender their shares in the Tender Offer to be Conducted by JICC-02, Ltd. for the Shares in JSR Corporation”



shared by JSR Corporation.

Over the past few years, we have continued to look at opportunities that would enhance the value of JSR. During this time, we have reviewed our capital policies, investigated strategic partnerships, looked at investments, implemented structural reforms to our business, strategized the role that we could play in the consolidation of the sector and forged the best way for us to accelerate our growth.

It was part of this process that led us to approach JICC last November to discuss the current market and how we could jointly support the growth of the semiconductor sector in Japan. It soon became apparent that JICC was the best partner for JSR. Their mission of “promoting business restructuring to enhance the international competitiveness of domestic industries through the supply of large-scale, long-term, neutral money” fits with our strategy and ambition.

JICC has a good understanding of our business, sector and strategy and has the network, industry connections and resources to support the business’ mid to long-term growth strategy. JICC brings a wealth of business experience in areas including research and development, capital investment and mergers and acquisitions, particularly in Digital Solutions and Life Sciences, as well as significant

financial resources.

Partnering with JICC will help accelerate the implementation of our strategy and build on the strong momentum we have generated, enabling us to unlock new opportunities across our business. We will continue to focus on our two core businesses-Digital Solutions, in particular semiconductor materials, and Life Sciences. We see significant opportunities to grow these businesses and expand market share globally.

Under JICC’s ownership and as a private business, we will have greater time and flexibility to implement our long-term strategy. We will continue to grow and increase our corporate value and believe that the company will relist on the Tokyo Stock Exchange sometime in the future.

We firmly believe that this transaction is in the best interests of all our stakeholders.

Defining Our Brand as a Leader: Technology, Innovation and Excellence

We remain confident in our strategy and committed to our mission of enhancing societal value as a leading technology company. We continue to monitor the operating environment to ensure that we can adjust where needed, while still driving the platform of innovation and R&D we have worked

hard to establish. R&D lies at the center of everything we do and supports our long-term growth by underpinning the development of new and innovative technologies that will drive JSR's continued evolution. Our mission of driving materials innovation lies at the heart of our value creation strategy as we leverage JSR's technological strengths to contribute to society and bring value to all our stakeholders.

The sectors in which we operate are rapidly evolving. Staying up to date on technological developments and continual innovation is critical not only to our success but to our very survival. As an important player in the semiconductor industry, and a growing change-maker in the life sciences, JSR embraces the dynamism of these markets. We continue to find new ways to drive innovation and invest in new technologies to both support continued growth and ensure we remain agile and resilient. Throughout the past year we have continued to innovate, accelerating our R&D efforts in important and emerging areas such as support for personalized therapies for cancer, and the increasing potential of quantum computing.

In semiconductor materials, we continue to invest in new applications for metal oxide resist (MOR) and are already seeing its implementation in

commercial use. MOR is enabling a new regime for semiconductor materials businesses and investing in this technology will give us a strong competitive advantage. Seeing adoption of leading-edge extreme ultraviolet (EUV) imaging technology as the insertion point for MOR in the next generation of equipment, we have invested in early MOR production to capitalize on its benefits over conventional chemically-amplified resists. We see strong potential in these areas moving forward.

In Life Sciences, we continue to look at bioinformatics with a focus on using sequenced human tissue samples to test therapeutic efficacy and find new applications, including personalized medicine. An area where we are already seeing this in practice is breast cancer treatments, which have been segmented into different therapeutic regimes based on initial companion diagnostics and genetic markers.

Another area with encouraging long-term potential is quantum computing. We believe quantum computing will present significant opportunities for both of our key segments, especially in areas such as materials science and biologics development. While it is too early to understand the full potential value of this technology, we see an inflection point on the horizon, with innovation rapidly evolving in other new technologies such as artificial intelligence (AI). We

will continue to invest in developing that competency so we can be at the forefront when these new technologies emerge for more practical use.

We have also continued to foster and grow our partnerships for all our core segments. In Digital Solutions, we continue to partner with Belgian consortium imec to accelerate R&D efforts and share cultural and operational learnings. In Life Sciences, we have grown our relationship with Keio



University as well as developing new relationships with other universities, such as Hokkaido University. These partnerships enable us to build on our culture of innovation, curiosity and engagement as we continue to evolve.

Staying the Course: Management Policy FY2024

For JSR Group to deliver value sustainably, we

need to both keep a finger on the pulse of social change and understand the environmental challenges we face. While we transitioned from a three-year to a five-year strategic plan through fiscal year ending March 2025, the impact of the pandemic has meant we are working to execute our objectives in a four-year period. We recognize the importance of staying flexible and attuned to changing market dynamics and are undertaking an

annual review of our core established metrics, which include return on equity, profitability and sustainability. We will assess these on a yearly basis and adjust as required.

We have identified Five Foundations as critical to our success as we transform to become leaner, more efficient and focus on the sustainable growth outlined in the management policy, with an eye toward building resilience as an organization. These foundations—Innovative Culture, Digitalization, Globalization, Operational Excellence and Sustainability—will serve as our guiding principles as we progress through this transformation and continue to drive corporate value.

We understand the importance of digital transformation and have appointed a Chief Digital Officer who will lead us in accelerating our digital strategy. Digitalization requires a holistic approach and we will work to evolve our platforms and competencies to find new solutions. We will also continue to grow our data analysis capability and secure buy-in across the organization.

Embracing Sustainability: Our ESG Initiatives and Environmental Commitments

Sustainability is a critical part of our strategy and we recognize that to be a truly sustainable organization,



we must drive investment and innovation across the organization. We will do this by continuing to be proactive in implementing robust Environmental, Social, and Governance (ESG) strategies and targets. We will specifically focus on our infrastructure, enhancing employee engagement, and driving new climate initiatives.

We are currently focused on making improvements in two areas. First is to implement dynamic assessments of our strategy and targets, and update our materiality where required to meet constantly evolving business and societal needs. The second is to continue to reinforce corporate culture by enhancing employee engagement through initiatives such as Diversity, Equity and Inclusion (DEI). Furthermore, as outlined in the JSR Sustainability Challenge, we are working on identifying the impact of our operations to ensure we provide our teams with clear metrics and strategies to guide them as they work to support our sustainability efforts.

We have made good progress over the past year in several areas. We completed our second employee engagement survey, and we have committed to accelerating our efforts in DEI as a result. We also heard from our teams that they want to understand what the recent transformation of our

business means for our heritage and the DNA of our company moving forward. We have accelerated our engagement with employees with new initiatives to help them understand and bring them along on our journey as we evolve.

Focusing on diversity is important for us and we are committed to being part of the cultural conversations, including finding new ways to make sure we empower women and under-represented groups throughout our organization and beyond. Bridging gender, cultural and identity-related divides by truly understanding our workforce and the challenges it faces is vital in creating a globally united JSR where all employees can realize their true potential.

It is critical that we embed sustainability into our business strategies and corporate management, and we have established systems and key performance indicators (KPIs) based on our materiality studies. In developing these KPIs—encompassing environment, employee engagement, health and safety and supply chain issues—it became clear that we must have a strategic focus on understanding real market opportunities relative to environmental trends and environmental impact when contemplating all investments. The Sustainability Promotion

department has been given the authority to oversee business units to ensure that their decisions also consider climate and environmental related recommendations in addition to financial assessments.

While we will continue to leverage our material science-related technological capabilities, we are determined to deepen our relationships with our global customer base. All these efforts are inextricably linked to sustainability, which requires a holistic view toward ensuring JSR's future while also



addressing vital environmental issues such as climate change facilitated by greenhouse gas emissions.

To continue delivering the quality and service our customers expect of us, we must also continue bringing strong, capable people into our workforce and are focused on attracting the best and brightest. Optimizing employee engagement and satisfaction is fundamental to cultivating a truly excellent culture.

Sustainability is a journey, and we will continue to pursue our initiatives while making adjustments and improvements along the way.

Engaging With Our Stakeholders: Maintaining Trust

Finally, I would like to express my gratitude to our stakeholders and reemphasize my commitment to our stated mission. As JSR continues to evolve, we are well positioned to meet challenges with solutions and embrace new opportunities as we focus on addressing the most pressing needs of business and society. Our efforts toward achieving this will show our valued stakeholders that their faith in JSR as a technology leader and excellent corporate citizen is well placed.



Eric Johnson
Representative Director, CEO, President

A handwritten signature in black ink, consisting of a stylized 'E' followed by a series of loops and a long horizontal stroke.

Medium-term Management Policy

JSR Group is building a resilient organization and transforming its corporate culture under Medium-term Management Policy eyeing FY2024.

Vision

- Creating value for all stakeholders, aiming for sustainable growth
- Building a resilient organization that can embrace any changes in the operating environment

Business Portfolio

Digital Solutions Business (especially **Semiconductor Materials**) and **Life Sciences Business** are core businesses

Business Target

ROE More than

10%

Core Operating Profit

Exceed Prior Peak (recorded in FY2007)

60 billion yen or more (Digital Solutions and Life Sciences)

Structure

Resilient Infrastructure

Innovation/Digitalization/ESG commitment/
Employee engagement

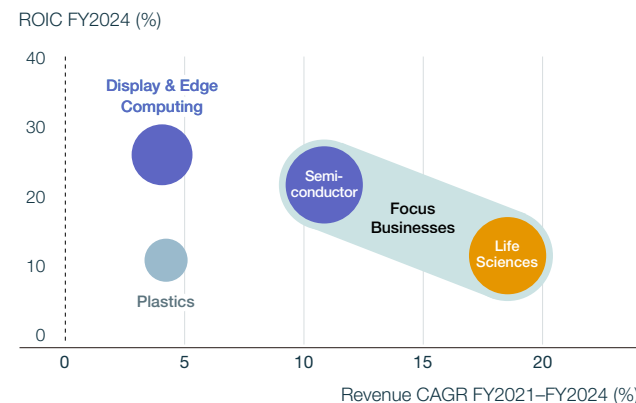
Under its Medium-term Management Policy for the period leading up to FY2024, JSR Group's highest priority is to "shift toward a business structure and management framework characterized by resilience and sustainability over the medium to long term." Another goal is to use our technology to solve society's problems. To this end, we are positioning the Digital Solutions Business (particularly its Semiconductor Materials Business, which is geared toward innovation) and Life Sciences Business as core businesses for achieving sustained growth. Our specific targets for FY2024 are to achieve operating profit of 60 billion yen, which would exceed the prior peak, along with ROE of at least 10% while maximizing ROIC.

Business Portfolio

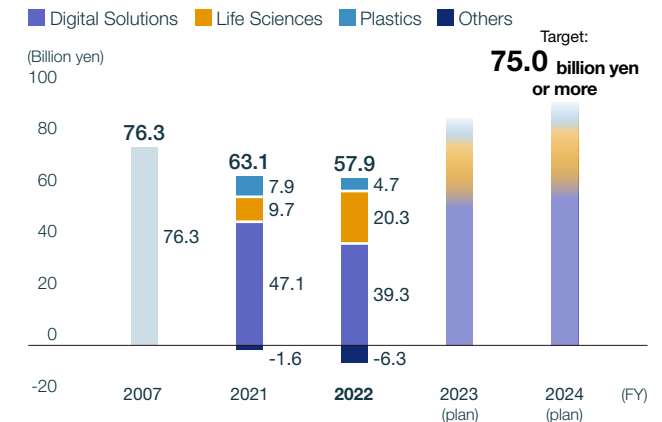
Pursuing efficiency with strategically focused realignment

During the period leading up to FY2024, we will analyze the capital cost of each business, using ROIC as the basis, and focusing resources on those businesses with the best future prospects. As for those focus businesses where stable medium- to long-term growth is expected and in which JSR Group can manifest its strengths, the plan is to try to realize strong top-line growth and maintain high profitability in the Digital Solutions Business and achieve 20% growth, including the top line, in the Life Sciences Business. We also aim to achieve an EBITDA of 75 billion yen in FY2024.

Target Business Portfolio in FY2024



EBITDA



Business Target**Aiming to raise corporate value by boosting profitability**

During the period covered by the Medium-Term Management Policy, we will be focusing resources on the Semiconductor Materials Business of the Digital Solutions Business as well as on the Life Sciences Business as we seek to create distinctive value. In the Digital Solutions Business, we will leverage our comprehensive technical strengths, including JSR Group's powerful development expertise, to provide advanced materials and a wide range of other products. In the Life Sciences Business, we will support development of complex biopharmaceuticals by applying the powerful technical strengths we have cultivated through our history.

With this approach, we aim to increase revenue from

these two focus businesses, from 200 billion yen in FY2020 to 300 billion yen by FY2024, with a CAGR of 10%. We also aim to grow the core operating profit to a new peak of at least 60 billion yen, expanding the core operating profit margin from about 15% in FY2020 to 20% or more in FY2024. We will also work to boost capital productivity, with a target ROE of at least 10%, by managing our business portfolio with ROIC as a criterion.

Structure**Building a resilient management foundation that responds to changing times**

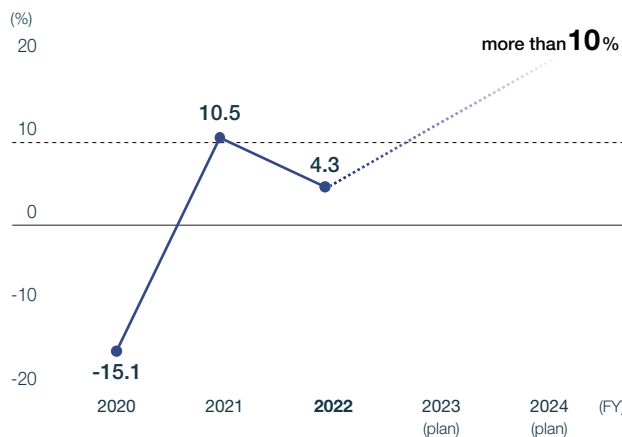
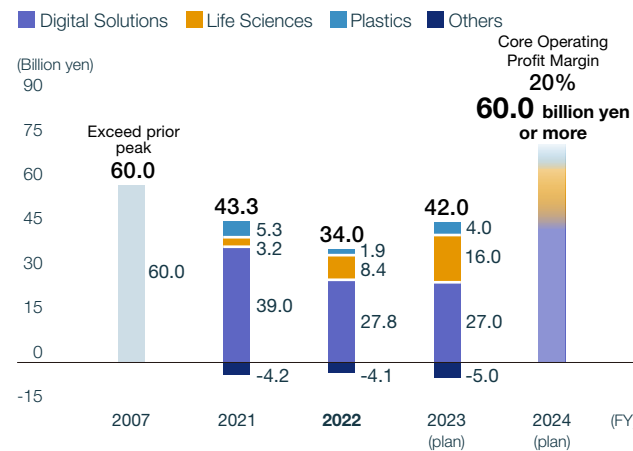
We are living in a time of uncertainty as society grows more diverse and complex. To turn changes in the environment into opportunities and grow from them, JSR Group must strengthen the corporate culture it has

fostered and transform so it can respond to change.

The Group has defined Five Foundations that underlie our corporate culture as we work to realize sustained growth.

The Five Foundations are Sustainability, which helps to increase value for all stakeholders; Innovative Culture that promotes the innovation that will ensure we remain a leading-edge technology company; Globalization to enhance our awareness and capability to respond to global change and expand our infrastructure; Digitalization to promote operating efficiency by harnessing trends in digital transformation (DX); and Operational Excellence that ensures that each department's activities are directly tied to targets of the Medium-Term Management Policy.

Going forward, by undertaking these initiatives, we aim to build a resilient management foundation and continually increase corporate value.

ROE**Core Operating Profit****5 Foundations**

Digital Solutions Business

Focusing on measures to grow market share and initiatives in the area of upfront investments with sales and development working closely together

In the Digital Solutions Business, we saw revenue increase but profits decrease in FY2022.

In FY2023, we will focus on measures to increase our market share during the market recovery period in FY2024 and initiatives in the area of upfront investments. In addition, we will improve profitability through business structural reforms (optimization of resource allocation) and operational excellence, including cost reduction.

In terms of structure, in June 2023, we changed the reporting line of R&D in existing businesses from the CTO to business departments. We will further strengthen cooperation with the development departments, and ensure that sales and

development are on the same page in responding quickly to changes in the external environment.

In order to make our sales and production structures even more sustainable, we will utilize digital technology to strengthen supply chain management.

Mikio Yamachika
Senior Officer

Semiconductor materials

Business strengths

- Strong relationships with major global customers
- Flexible development, sales, and production structure that meets customer needs
- Product development and problem-solving capabilities developed based on polymer/organic synthetic technologies and analytic technologies
- Stable supply of high quality products

Awareness of the business environment

- Increased demand for semiconductors due to digitalization of society
- Increased needs for cutting-edge materials due to digital technology innovation
- Miniaturization of semiconductor chip, expanded demand for 5G
- Development of digital infrastructure

Edge computing/display materials

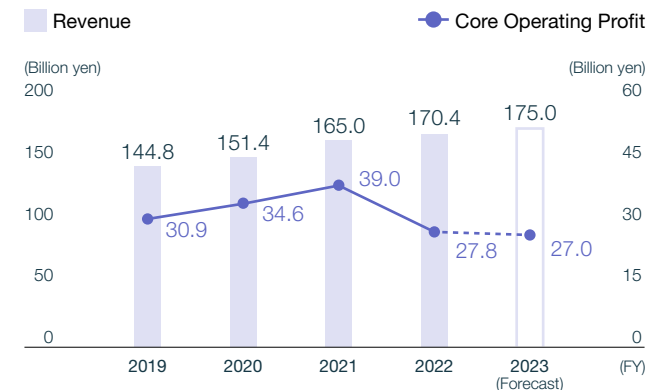
Business strengths

- Products with high market share
- Sales and production systems compatible with customer needs
- Technical prowess grounded in polymer technology

Awareness of the business environment

- Spread of high definition televisions such as 4K and 8K
- Growing LCD panel production in China driven by robust demand

Revenue and Core Operating Profit



Sale of Main Products (YoY)

Semiconductor materials	YoY ytd	Business environment (FY2023 forecast)	
		1H	2H
EUV	Up over 55%	↘	↗
ArF	Up around 15%		
Multilayer materials	Up around 10%		
Other lithography materials	Up around 20%		
CMP materials	Up over 20%		
Cleaning solutions	Up around 30%		
Packaging materials	Slight decline		

Display materials	YoY ytd	Business environment (FY2023 forecast)	
		1H	2H
Alignment Layer	Around -15%	↗	↗
Passivation Coat	Less than -15%		
Color resists	Around -65%		
OLED materials	Around -5%		

Edge computing	YoY ytd	Business environment (FY2023 forecast)	
		1H	2H
ARTON	Around -15%	→	↗

Growth strategy

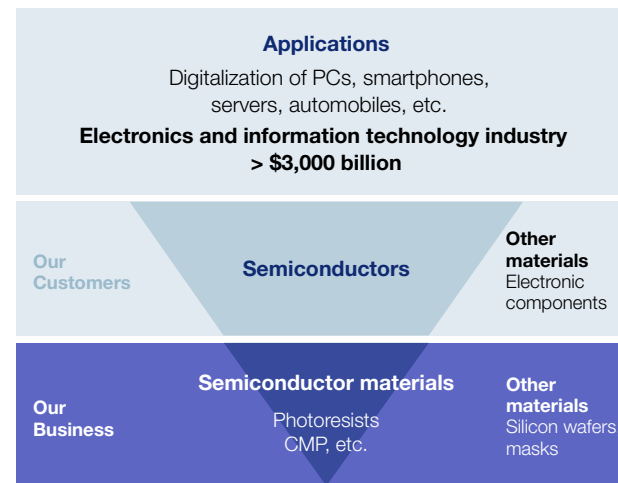
Aiming to Achieve Net Sales and Profits beyond the Market's Rate of Growth and Further Expand Market Share, Primarily with Leading-Edge Photoresists

In the Semiconductor Materials Business, which is the core of the Digital Solutions Business, our aim is to grow sales faster than market growth. Specifically, in addition to further increasing our high share of the markets for ArF photoresists and multilayer materials, we are working toward a full-scale launch of EUV photoresists. Through these efforts, we are targeting revenue growth above the medium-term input

	Revenue Faster than market growth	Core Operating Profit Margin Maintain Strong Margin (≥ 23%)
Market	Scale	<ul style="list-style-type: none"> Total photoresist market: \$2 billion (Semiconductors: \$550 billion)
	Trends	<ul style="list-style-type: none"> Steady growth Technological innovation advances
Social Value	<ul style="list-style-type: none"> Realize a smart society (AI, IoT) Achieve miniaturization and high performance requiring less power 	
Strength	<ul style="list-style-type: none"> High market share in advanced materials (e.g., ArF 30%, alignment film 50%) 	
Strategy	<ul style="list-style-type: none"> Concentration of resources on Semiconductor Materials Business Scale and fields expansion including M&A 	

growth rate for silicon wafers, which is the core client industry for the Semiconductor Materials Business. In FY2022, we have newly developed and launched cutting-edge packaging materials for printed circuit boards in response to the full-fledged rollout of fifth generation mobile communication systems and autonomous driving. Despite some slowdown, semiconductor demand will continue to rise due to

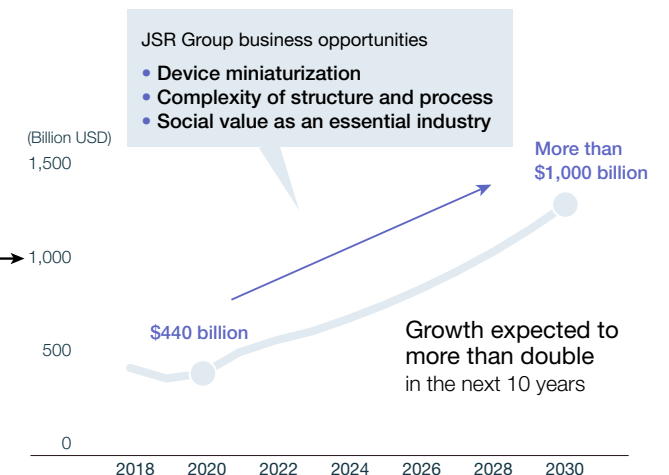
JSR Group's Position



increasing digitalization in areas related to PCs, smartphones, servers, automobiles, and more. In keeping with that, we will achieve sales growth at a faster rate than market growth and forecasts based on the business environment.

Going forward, moreover, we will continue to focus our efforts on leading-edge photoresists like ArF and EUV, which are expected to grow further given the market environment. Already, JSR boasts the global top share for ArF photoresists, with our products accounting for about a third of all semiconductors produced in the world. Instead of being satisfied with that record, our policy is to keep building up this share. In EUV photoresists, our aim is to be best-in-class by contributing more to the frontier 3 nm as well as future generation of semiconductors and to memory, primarily for the Taiwanese and Korean markets. We also expect wide growth in CMP materials, and packaging materials that support more complex processes.

Semiconductor Market

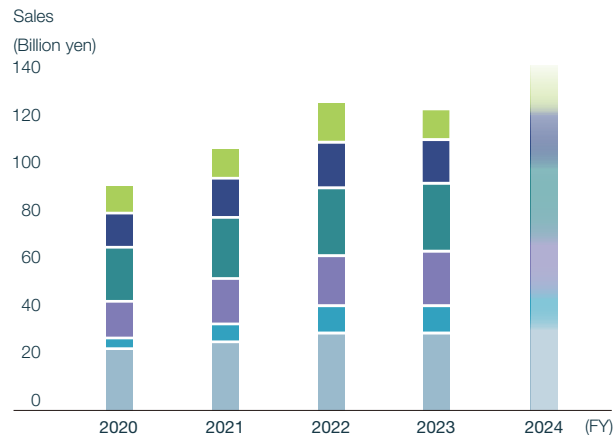


Acquired Next-Generation EUV Technology, Leading the Global Market with a Broad Product Portfolio

JSR Group has a global supply system built around R&D, manufacturing, and sales bases in Yokkaichi, the United States, and Belgium. We are working to optimize production processes and innovate technology while endeavoring to provide a steady supply of the products each customer needs. Moreover, in October 2021, we completed acquisition of Inpria, the world leader in design, development, and manufacture of metal oxide photoresists (MOR). The product is attracting attention as an EUV lithography technology for the further miniaturization of semiconductors. Currently, we are developing the MOR business through creating synergy with Inpria to bring mass production technology and quality control to the next level.

Semiconductor Materials Business Plan

■ ArF ■ EUV ■ KrF and other lithography ■ Multilayer materials
■ CMP/cleaning solution ■ Packaging materials, etc.



Semiconductor Materials Global Strategy

● JSR Group companies

● Joint R&D bases



Structural reforms

Optimizing the cost structure amidst the drastic change in the display market environment to focus on development and sales growth of cutting-edge materials

Optimizing the cost structure through business restructuring to expand sales and profits in the Chinese market

Since FY2020, JSR has implemented global business restructuring given the drastically changing display market environment. We closed our plant in Taiwan that was responsible for manufacturing color resist in March 2022, while scaling back production at our plant in South Korea. We shifted resources as the growing Chinese market has been positioned as the primary market as part of efforts to optimize our cost structure.

In the Chinese market, we have continued to grow our market share of highly competitive alignment layer and passivation coat and develop OLED materials in addition to responding to customers' production adjustments and addressing technical issues flexibly. This will ensure that we can build a business foundation that generates stable earnings.

Alignment layer and passivation coat are important materials that both improve panel performance such as high

definition and brightness and increase productivity in panel manufacturing such as yield and throughput. In the future, we expect to see an expansion in environmentally friendly applications such as low-temperature processes and PFAS-free, as well as AR/VR and outdoor public displays.

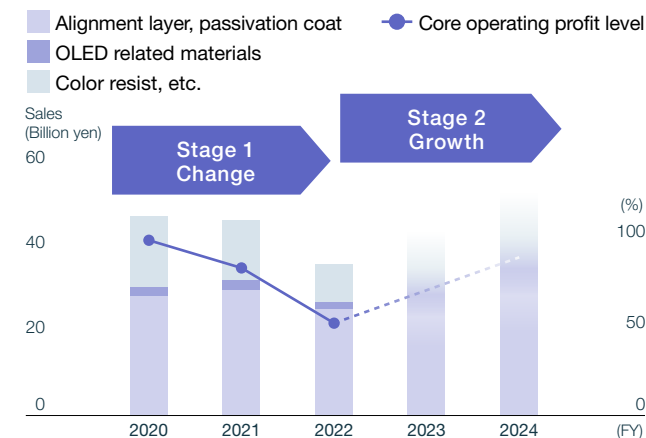
In addition to leveraging its business infrastructure in China, JSR will expand its provision of cutting-edge materials and process solutions to customers. We will achieve this by developing advanced platform technology in response to the evolution of panel technology and strengthening quality competitiveness. Also, we will maximize cash flow and establish a sustainable business structure for the LCD materials business as a moneymaker with high ROIC.

We will further reduce costs in response to the weakening market over the short term to increase revenue, while striving to steadily boost sales and revenue in the display market, which is expected to recover starting in 2023.

Focusing on development and increasing sales of cutting-edge materials utilizing our strengths

To capture the growing need for OLED materials in mobile and IT applications, we will focus on growing sales of low-temperature alignment layer materials that leverage our strengths, high refractive materials that increase light extraction efficiency, and low dielectric thin film encapsulation materials to expand our portfolio. In terms of passivation coat for LCDs, we will focus on developing the optical IPS market to expand sales.

Progress towards the business targets



* Assuming the core operating profit of FY2020 to be 100%

Business progress	Increase share in the Chinese market (alignment layer and passivation coat)
	Market penetration of new products (optic IPS/OLED)
	<ul style="list-style-type: none"> Complete business restructuring in response to change in the market structure (Stage 1) Optimize business and move towards growth phase (Stage 2)

Life Sciences Business

Achieving remarkable growth and driving innovation in the evolving Life Sciences

My role as President of Life Sciences LLC is to first ensure that our portfolio companies have the resources they need to be successful in their growth initiatives—both organic and inorganic. Second, my team's responsibility is to seek out new opportunities where we can contribute to the market. We are expanding our Life Sciences Business with our leading affiliate companies.

Our results for FY2022 show that we are on track with 75% growth in revenues and 167% operating profit. However, we do see contraction of COVID-19 related products and services due to a worldwide deregulation. Otherwise, products and services will continue to grow at or near double-digit rates. We expect to boost operating margins further in FY2023.



Tim Lowery
Senior Officer

Business strengths

- Structured to facilitate processes spanning from the development of antibody drugs to their production
- Synergies leveraged between group companies possessing advanced expertise and technological prowess
- Expert support for the development of complex biopharmaceuticals
- Quality assurance system refined by the JSR Group's Semiconductor Materials Business
- World-class technology and advanced solutions for mammalian cell line development
- Supplier of innovative materials to the diagnostic drug and bioproduction industries

CDMO

This business has a leading edge in complex protein analysis and is uniquely suited to support all stages of drug development from non-clinical and early-phase trials to commercialization.

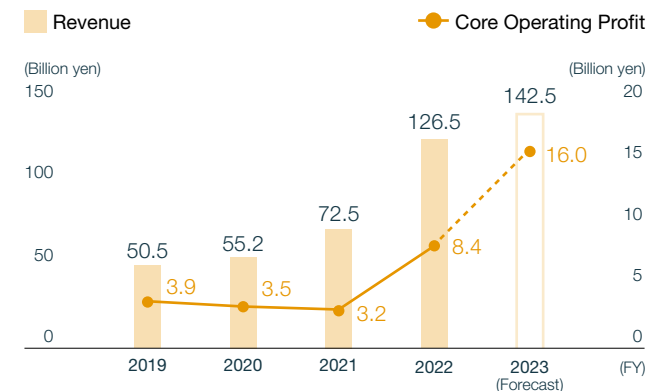
CRO

This business is a market-leading provider of services that support cancer drug discovery, and possesses advanced disease and organoid platforms, which include the world's largest number of patient-derived xenograft (PDX) models.

Awareness of business environment

- Growing demand for medical products due to the aging of the population
- Ongoing advances in personalized medicine
- Increasingly efficient drug development
- Rapid and continuous technological advances

Revenue and Core Operating Profit



Core Operating Profit Gap Analysis (YoY)

	Revenue	Core operating profit	Business environment (FY2023 forecast)	
			1H	2H
Business overall	+75%	+167%		
CDMO	+Around 50%	Decreased profit		
CRO	+Less than 25%	Same as last year	→	↗
BPM	+Around 15%	Decreased profit		
IVD	+Around 200%	Increased profit		

CDMO: Contract development and manufacturing of biopharmaceuticals

CRO: Contract research organization for pharmaceuticals

BPM: Bioprocess materials

IVD: Diagnostic reagent materials

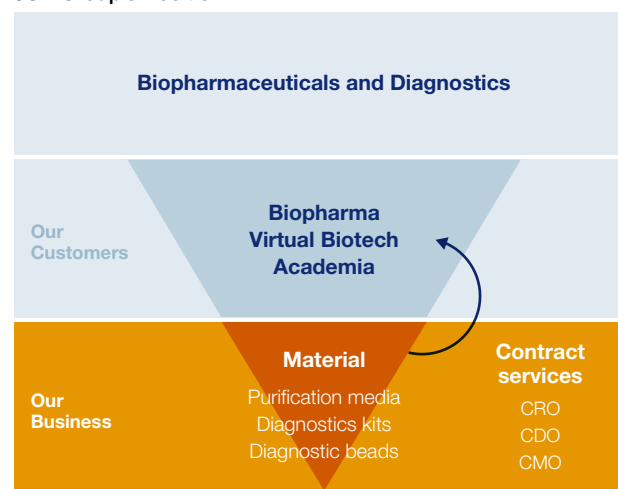
Growth strategy

Aiming to Meet the Needs of the Biopharmaceutical Industry and Achieve Growth beyond Targets

The Life Sciences Business of JSR Group began when polymer technology developed in our petrochemical business, which began with material science, was utilized to make materials used in the manufacture of pharmaceuticals. Since then, we have acquired companies like KBI Biopharma, Inc., which offers biopharmaceutical contract development and manufacturing services, and

Selexis SA, which offers cell-line contract development services, and the Life Sciences Business has steadily expanded. The Life Sciences Business is furthermore meeting industry needs with CRO and CDMO services and unique materials to overcome the challenges of the biopharmaceutical industry today, namely long development times and high development costs.

JSR Group's Position

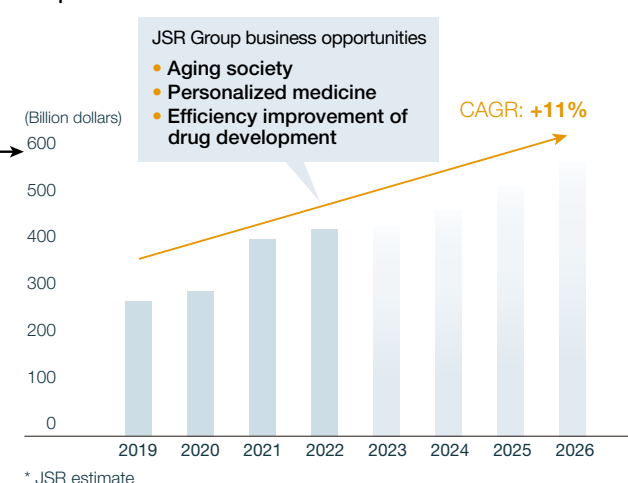


Presently, the CDMO business accounts for about half of the revenue of the Life Sciences Business. The other half comes from the CRO business, from MBL, a company that became a wholly owned subsidiary in 2021, and from materials developed in-house (diagnostic and research reagents and bioprocess materials). The core operating profit margin was 6.7% in FY2022, but we are committed to increasing that margin by leveraging upfront investments to expand revenue.

Moreover, the segment is still in its infancy, and has ample room to boost profitability by expanding scale and further integrating into the Group. As we aim to further boost core operating profit margin, our targets to achieve by FY2024 are revenue of more than 100 billion yen and core operating profit margin of 20%. We will also reinforce technological development capabilities and other synergies across JSR Group.

	Revenue CAGR+20%	Core Operating Profit Margin 20%
Market	Scale <ul style="list-style-type: none"> CDMO market total: \$6 billion (Biopharmaceuticals market: \$400 billion) Trends <ul style="list-style-type: none"> High growth Precision medicine expansion 	
Social Value	<ul style="list-style-type: none"> Enhance efficiency of pharmaceutical development Realize personalized medicine tailored to patients 	
Strength	<ul style="list-style-type: none"> Capability to support development of very complex biopharmaceuticals 	
Strategy	<ul style="list-style-type: none"> Business expansion through customer pipeline expansion Creation of unique added value 	

Biopharmaceuticals Market



Strengthening Group Synergy and Aiming for Further Business Growth

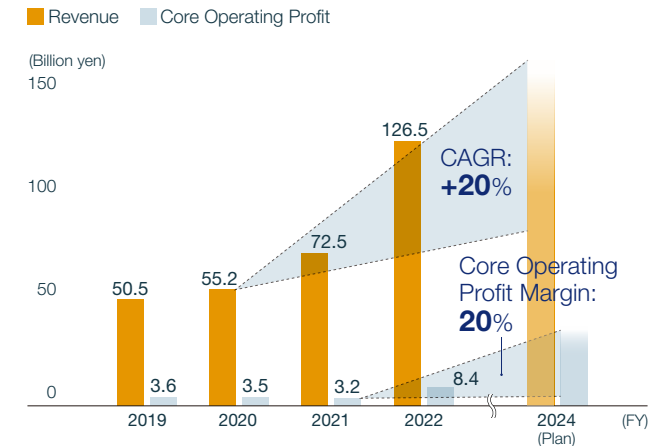
The Life Sciences Business of JSR Group supports the development of biopharmaceuticals and sells diagnostic reagents and bioprocess materials. To strengthen joint projects in Europe between KBI Biopharma and Selexis, which are engaged in the CDMO business, we newly expanded the Group's cutting-edge biopharmaceuticals production facility in Geneva, Switzerland. Moreover, in North Carolina, U.S., KBI Biopharma recently built an advanced commercial biopharmaceutical production facility to conduct joint projects with customers. These moves have roughly tripled our production capacity for animal cells. The two facilities are expected to contribute

to revenue once they are operating at full capacity.

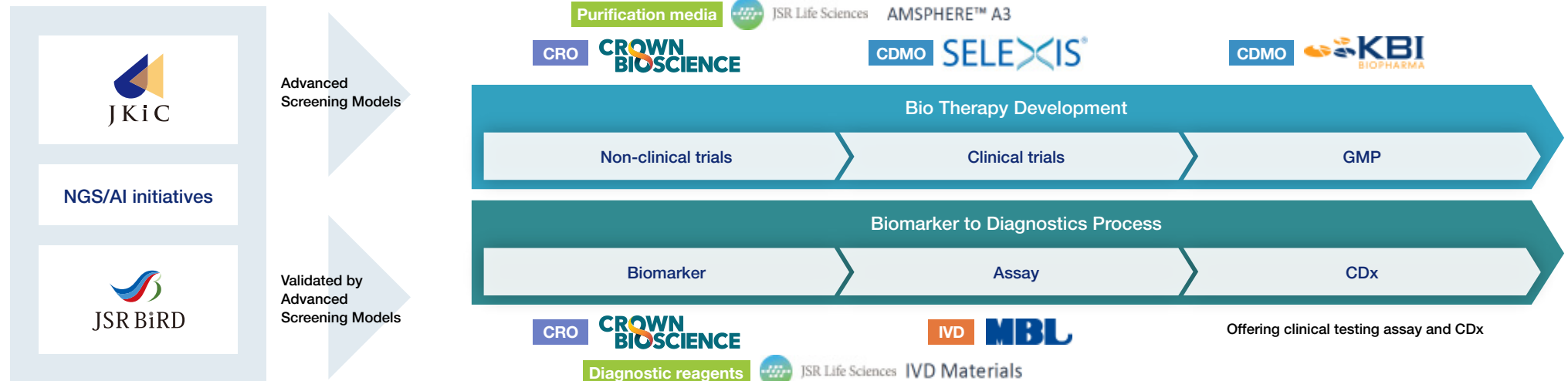
We are also aiming to speed up growth in Japan. To this end, in April 2022, Crown Bioscience International and Medical & Biological Laboratories (MBL) established a joint venture offering advanced preclinical services.

We will continue to use CDMO and CRO to spur business growth while practicing appropriate risk management. At the same time, we will reinforce Group synergy and tap open innovation to advance development of next-generation products as we aim for sales growth of at least 20%, which would outpace the market's own growth rate.

Progress and Outlook for Medium-Term Management Plan



Tap Group Synergy to Develop One-stop Services



Plastics Business

Promoting sales of our unique strategic products and initiatives aimed at carbon neutrality.

Techno-UMG Co., Ltd. has a legacy of being the first company in Japan to produce ABS resins back in 1963. At present, the company is a top manufacturer with over a 50% market share in Japan. The performance of this business is higher income and lower profit in FY2022, while higher income and profit is forecast in FY2023.

Within the automobile industry, where our main customers are located, as there is a demand for EVs, weight reduction, multi-functionality, and reduced environmental impact, our unique strategic products are widely used in automobile parts. In addition to increasing sales of products with such functional characteristics, we aim to also ensure profits by responding to rising raw materials costs and fuel prices as appropriate. In addition, we will switch to fuels with lower CO₂ emissions at our plants, recycle products, and develop and sell products with less environmental impact in aiming to achieve carbon neutrality in 2050.

Kazumasa Yamawaki
Senior Officer

High-performance resin

Business strengths

- Development of strategic products using our proprietary technology
- Marketing capability to cultivate a wider and deeper market
- Global sales locations and SCM system
- Increased production efficiency and cost competitiveness through business integration

Awareness of business environment

- Recovery in automobile production volume
- Increased needs for EVs, weight reduction, and reduced environmental impact in automobiles

Environmentally recyclable resin

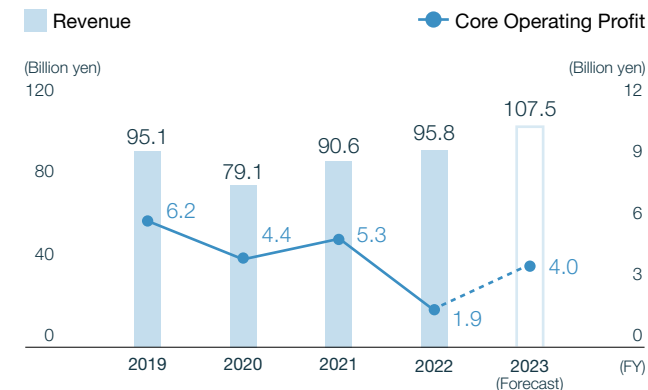
Business strengths

- Establish product life cycle through following promotion of a circular economy
- Research and development of biomass raw materials

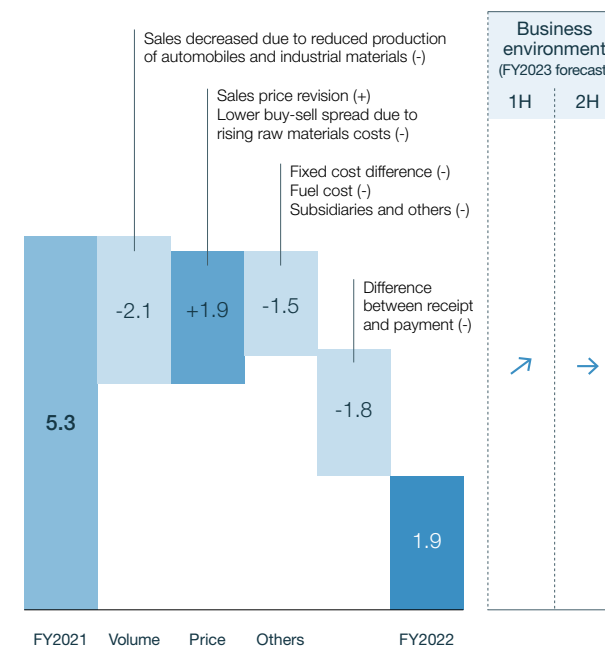
Awareness of business environment

- Demand for a carbon neutral, decarbonized society
- Response to biodiversity

Revenue and Core Operating Profit



Core Operating Profit Gap Analysis (Billion yen)



TOPICS

Plastics Business Strategic Products

HUSHLLOY™ Anti-Squeak Material

When plastic parts are joined together, rubbing between the parts can cause audible and unpleasant squeaks. This noise, caused by frictional vibration on the contact surface between plastic parts, is a major design consideration. HUSHLLOY™ styrene thermoplastic offers revolutionary properties that prevent squeaks to maintain a quiet vehicle interior. It also helps lower environmental impact since its effects last for the lifetime of the product.

**Paint-less High Appearance Material VIVILLOY™**

VIVILLOY™ is a highly colorable material for paint-less applications. We developed it based on proprietary polymer technology cultivated over many years of selling and supplying weather-resistant materials and composite plastic alloys around the globe. Though no paint is used, this product features color depth and vividness closely resembling paint for components with intricate shapes. Moreover, bypassing the painting process can contribute to lower overall costs for customers.

**PLATZON™ High Adhesion Resin for Plating**

PLATZON™ is a specially developed PC/ABS resin with excellent plating adhesion and processability. It exhibits stable plating adhesion performance under various molding and etching conditions, which makes it possible to achieve high yields.

**Cultivate new markets and materials with improved texture**

We showcased resin material for robotic applications at an exhibition in order to cultivate new markets. We developed a material with improved texture that is soft and pleasant to the touch using our proprietary polymer compounding technology. We maintained the excellent moldability characteristic of ABS resins, while made improvement on the hardness of resin and stickiness of elastomers to give the material a smooth and soft texture for it to have a wide range of applications in the robotic market. We aim to increase supply to the robotic market which is expected to grow going forward by providing materials with multiple functionalities.



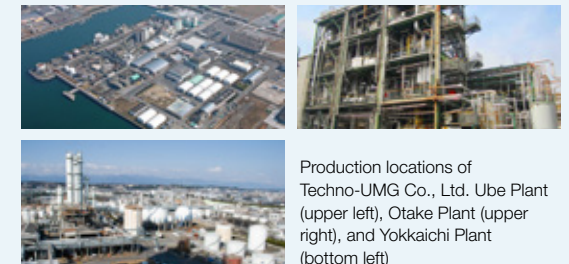
Molded products with design features

Initiatives Towards a Decarbonized Society

As the demand for transitioning to a decarbonized society increases by the day, we have established milestones aimed at carbon neutrality and are implementing initiatives across all departments and generations of employees. Techno-UMG Co., Ltd. is implementing a project aimed at achieving carbon neutrality in 2050. Moreover, we are considering implementing fuel conversion and switching to renewable energy use in order to reduce CO₂ emissions during production.

Materials to address customer and social issues

The Group contributes to addressing customer and social issues through its supply of highly functional materials created using its unique technical and development expertise. We have developed highly functional materials such as those that suppress squeaks, materials that have high weather resistance and can be used for a long time, materials that increase grip like rubber, etc., which could not be achieved in the past. In the future, we will continue to take on challenges of developing materials that will address social issues.



Production locations of Techno-UMG Co., Ltd. Ube Plant (upper left), Otake Plant (upper right), and Yokkaichi Plant (bottom left)

Message from the CTO

We are working to create value for the future by taking on new challenges associated with advanced technologies paving the way for social transformation.

Hiroaki Tokuhsa
Officer in Charge of New Research (CTO)



JSR Group has identified Materials Innovation as its corporate mission, and aims to continue to create value through materials to enrich society, people and the environment. In addition to utilizing our long-standing expertise in polymer chemistry, organic chemistry, photochemistry, biochemistry, computational chemistry, and analytical chemistry, we are advancing technology by accelerating digitalization, combination of technologies across different fields, and incorporation of open innovation in order to expand technological domains while providing sophisticated solutions to social issues. In addition, we also place emphasis on the understanding and pursuit of basic principles of science, including diving deep into analysis and evaluation technology. The accumulated experience and efforts gained through these R&D activities have become the Group's unique strength; not to mention, the driving force behind our global development of superior technologies, materials, and services.

We focus our research and development efforts on

Business Support Development which involves applied research in existing business areas, and Next Generation Technology Research, such as seed research where future growth is expected.

Among these, Business Support Development promotes integrated development activities with businesses by placing an emphasis on needs. Needs are identified via direct dialogue with development staff and customers, focusing on value chain cooperation within JSR Group. In addition, this branch of research strives to enhance technical services in each country in which we operate while developing a global and timely support structure for customers to promote their businesses.

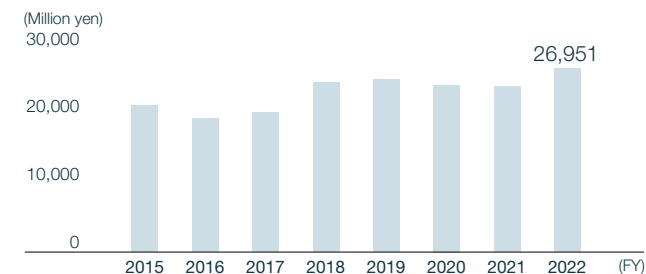
Regarding Next Generation Technology Research, we are promoting open innovation such as joint research with universities and research institutes in Japan and abroad, bringing in outside knowledge and technologies to overcome problems and create groundbreaking innovation, in addition to in-house research. To accelerate

the transformation of our research approach, we are constantly exploring possibilities for developing businesses in new fields and commercializing leading-edge research in novel areas for us.

Furthermore, we are advancing materials informatics, and implementing the practical application of data-driven research methods as another focus of the Group. We hope to promote digitalization and the construction of theoretical models for new data infrastructure, as well as the practical application of new approaches such as AI and quantum computing, to significantly improve the efficiency of R&D.

Society is undergoing major changes as we are currently facing unprecedented new crises, along with exposure to various geopolitical changes. Expectations on new technologies to meet these changes have grown larger than ever before. JSR carries out R&D with a curiosity for new technologies, and continues to provide values and advance co-creation with our customers, with whom we are closely linked in a wide range of business fields, and the partners who we cooperate with in a variety of environments.

R&D Expenses

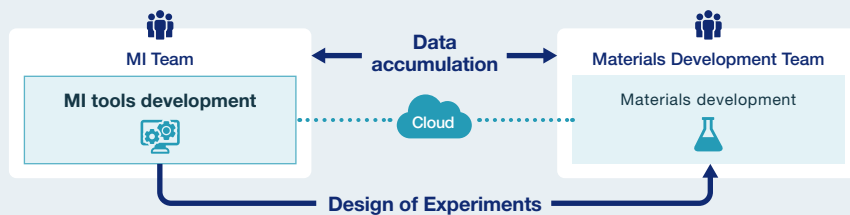


Advanced Case Study

Materials Informatics

Using materials informatics to dramatically increase development productivity

JSR's materials informatics development structure



JSR's main product group focuses on composite materials that mix various raw materials, and their functions are expressed by the formulation. There are countless combinations of these composites, and we have invested a great deal of time in their development. By implementing MI technology, which combines data science and conventional chemistry, as a tool used daily by our team for materials development, we are continuously improving MI tools in-house with the aim of dramatically improving the productivity of materials development. MI is a rapidly developing field and it is also characterized by the ability to immediately introduce the latest algorithms developed in academia into the field of materials development. For this reason, we are collaborating with external organizations such as the Institute of Statistical Mathematics and the Nara Institute of Science and Technology, and are also focusing on incorporating the latest technologies.

We want to create a situation where MI tools become commonplace at work, and they continue to evolve while constantly incorporating the latest algorithms. The interesting challenge of creating tools that no one has seen before has boosted the morale of team members.

Yuya Onishi

Research Fellow, Deputy General Manager, Materials Informatics Initiative, RD Technology and Digital Transformation Center, JSR Corporation

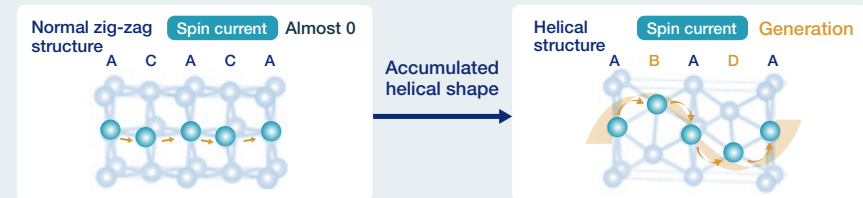


Advanced Case Study

Open Innovation

Joint research with department of physics, graduate school of science, The University of Tokyo to predict high-performance materials for next-generation memory

Predicted tungsten with helical structure



Following the explosion of information processing volume due to technological advances such as high-density arithmetic, AI, and communications, reducing the power consumption of semiconductors has become a serious social issue. Currently, the physical phenomenon of spin current without energy loss is attracting attention, and many studies are underway to utilize it in next-generation semiconductors.

The JSR-UTokyo Collaboration Hub called CURIE is conducting joint research with several laboratories of The University of Tokyo's Graduate School of Science to search for materials that generate spin currents using a computational method called evolutionary algorithms. As a result, we succeeded in predicting the formation of a giant spin current in a helical-distorted structure of tungsten crystals. This prediction method is expected to serve as a new guideline when looking into materials that generate giant spin currents, and to lead to the early realization of new functional devices that solve social issues.

This research result represents one example of an output that takes advantage of the merits of the JSR-UTokyo Collaboration Hub CURIE, which can closely conduct joint research with multiple laboratories of the Graduate School of Science of The University of Tokyo. With CURIE as a focal point, we will continue to contribute to society by accumulating materials innovation, bringing together theoretical calculations, solid-state physics, and materials technology and knowledge.

Kotaro Kubo

JSR-UTokyo Collaboration Hub CURIE
RD Technology and Digital Transformation Center, JSR Corporation



Message from Our Chief Sustainability Officer



Ichiko Tachibana

Director,
Senior Officer

We are promoting JSR Group's business strategy side by side with sustainability to lead to even greater value creation

JSR Group defines sustainability as “contributing to society by creating value with our business activities.” Promoting sustainability Groupwide while respecting diversity is considered as one of our important strategies for enhancing corporate value.

Our process for implementing sustainability initiatives in FY2021 involved identifying materiality based on a comprehensive evaluation of the social and natural environments, product markets, technology trends, and stakeholder interests, while also considering our corporate mission and management policies. Among the KPIs for the five priority issues related to management foundation, there are two forms of materiality that we emphasize in particular. The first is to increase employee engagement because employees are the main actors in implementing sustainability activities, and to promote diversity, equity and inclusion (DE&I), which is the basis for these activities. The second is to address climate change and its enormous impact around the world by reducing our environmental impact. Going forward, we will further advance sustainability initiatives that lead to business opportunities.

While we found that the progress of KPIs in FY2022 was steady, and after analyzing the information obtained from this process, we realized that it was necessary to focus on the characteristics of each business and that there are items

where global initiatives are effective and items where regional initiatives are effective. This new found awareness could lead us to review our KPIs. For all KPIs, we believe that it is important not only to achieve the target, but also to firmly incorporate a sustainability perspective into the activities of each division through initiatives aimed at achieving the targets. Therefore, we will continue to promote close mutual communication between related divisions and Group companies.

We actively incorporate diverse knowledge from outside sources. As a director, I participate in discussions on the promotion of sustainability at meetings of the Board of Directors, and receive useful advice from outside directors from an independent standpoint. In addition, in the past several years, interactions with external stakeholders have been limited due to the COVID-19 pandemic, but since the second half of FY2022, we have been networking with other companies and inviting experts to give lectures. We will continue these initiatives in the future to disseminate useful information within the Group.

In order to meet the expectations of our stakeholders, we will aim to ensure that all employees engage in their work with sustainability in mind and continue to encourage this approach going forward.

Sustainability Advancement Structure

JSR Group established its Sustainability Promotion Committee in 2020. The committee discusses and coordinates on matters related to sustainability, including policies, in line with internal and external circumstances relating to ESG and the SDGs.

Below the Sustainability Promotion Committee are four committees called the Sustainability Planning Committee, Environment, Safety and Quality Committee, Risk Management Committee, and Corporate Ethics Committee. The Sustainability Promotion Committee supervises and guides the four committees, and also strengthens and promotes their management through regularly scheduled meetings (held four times annually) as well as extraordinary meetings. In principle, the Committee also reports on

activities once every quarter to the Board of Directors and undergoes supervision/observation by the board of directors.

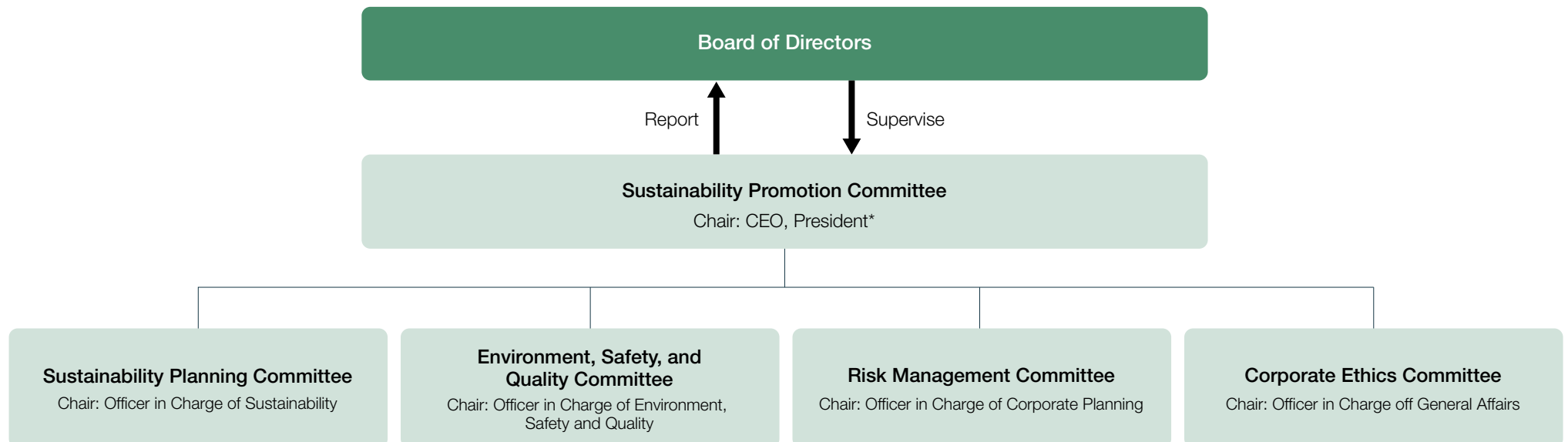
The Sustainability Promotion Committee is chaired by the President. Participants are the secretariats of the four above-mentioned committees as well as company officers (those responsible for corporate planning, manufacturing technologies, procurement and logistics, quality assurance, safety and environmental affairs, research and development, human resources development, accounting and financial affairs, corporate communications, general affairs, legal affairs and compliance, system strategies, cyber security management, sustainability promotion, diversity promotion, the Digital Solutions Business, the Life Sciences Business, and the Plastics Business). This

enables the committee's discussions to touch on all businesses and functions of the Group.

We endeavor to build confidence among our stakeholders by disclosing information on the committee's activities and results in the Sustainability Report.

Examples of Issues Discussed by Sustainability Promotion Committee in FY2022

- JSR Group's activities to advance sustainability management
- Discussion on JSR Group's material risks
- Latest situation on various reviews related to activities to advance sustainability



* In accordance with the organizational reform following the Ordinary General Meeting of Shareholders in June 2023, the chair of the Sustainability Promotion Committee was changed to the CEO, President.



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/management/management.shtml

Human Capital

Message from the Officer in Charge of Human Resources Development



Yasufumi Fujii
Human Resources
Development

Aims of JSR Human Capital Management

1. Strengthen linkage between management strategy and human resource strategy

Build a dynamic human resources portfolio and implement continuous human resource development (investment) & acquisition

Secure and foster human assets ready to nimbly adapt to organizational changes resulting from business creation, growth and environmental changes to continuously create corporate value

2. Enhance employee engagement and organizational strength

Maximize experience and experiential value of members within JSR

Maintain high level of engagement through provision of growth opportunities, fair evaluation and feedback, and achieve member-driven, autonomous growth support and enhanced organizational strengths

We will foster vibrant, diverse human resources and organizations to achieve long-term business growth

Our human resources strategy states, “maximize value (provision) to customers and markets, linking efforts for the enhancement of corporate activity efficiency and business competitiveness and the creation of innovation, by maintaining a global perspective and strengthening dynamic and diverse human resources and organizational capabilities according to the characteristics of countries, regions, and businesses.” Currently, we are planning and implementing various initiatives to realize the vision for FY2024 set out in our medium-term management policy of “creating value for all stakeholders, aiming for sustainable growth” and “building a resilient organization that can embrace any changes in the operating environment.”

Among several initiatives, we will first introduce our efforts toward “career autonomy.” This is an initiative to support each employee by implementing training, self-reporting and skills development, and by introducing various systems so that each employee can proactively develop a career vision for work and life and take action to realize it. We believe that by contributing to the company and society while employees increase their personal value and gain a sense of self-realization, both individuals and the company will be able to create sustainable value.

In our efforts to cultivate diverse human resources, we



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/society/human_resources.shtml

are training next-generation management human resources as well as human resources in technology. Since 2007, we have been conducting training future leaders with external collaboration in cultivating next generation management human resources. The training involves action-learning based on actual case studies and exercises to envision an ideal image for one’s division by stepping into the shoes of a supervisor to foster necessary business skills and broad perspectives as the next round of leaders.

As for the training of human resources in technology, we have been implementing a training program by an American company that supports DX promotion since 2017 and fostering data scientists with an emphasis on research.

We aim to create a system and environment that makes it easy for all employees to work regardless of gender, age, nationality, personal preferences or physical challenges, through upholding a fair human resources and remuneration system that emphasizes ability and results. Currently, JSR Group operates in 12 countries and regions* around that world, with employees representing diverse backgrounds including their nationality, gender, age, and years of experience. We will flexibly incorporate new thinking and approaches born from this diversity to cultivate members who will continue to impact society and achieve the long-term growth of the Group’s organizations.

* Japan, North America, China, Belgium, Korea, Taiwan, Switzerland, UK, the Netherlands, Thailand, Germany, and Singapore

Philosophy

We, the JSR Group, specify our responsibilities to employees within our management policies.

- Evaluation and rewards based on fair standards
- Continuous opportunities to grow by challenging themselves
- Acceptance of the diversity of fellow colleagues and to be provided a place where all employees can work together as a team

We established 4C Course of Action for our employees consisting of Challenge, Communication, Collaboration and Cultivation.

Based on this corporate philosophy system, our human resources strategy states, “maximize value (provision) to customers and markets, linking efforts for the enhancement of corporate activity efficiency and business competitiveness and the creation of innovation, by maintaining a global perspective and strengthening dynamic and diverse human resources and organizational capabilities according to the characteristics of countries, regions, and businesses.” We have formulated our ideal corporate and organizational culture and we are advancing various measures.

JSR's Ideal Corporate and Organizational Culture

- By respecting diversity, equity and inclusion (DE&I) and having employees autonomously build their own careers, all employees are maximizing their abilities.
- By ensuring employees and the company trust one another and growing together, employee engagement continues to increase resulting in continuous innovation.

Employee Engagement

Goal: Continuously improve employee engagement

Clarifying global strengths, tackling common issues, and promoting individual initiatives, especially in Japan and North America

■ Increasing Employee Engagement

JSR Group believes that increasing employee engagement is the key to sustaining corporate activities and enhancing corporate value. Toward this end, based on the establishment of a culture of diversity, equity and inclusion, we are working to increase engagement by creating a comfortable and rewarding workplace, providing opportunities for employees to take on proactive challenges, build their careers, grow and play an active role.

At the same time, we have been conducting a global employee engagement survey since FY2021 to listen to the frank voices of employees, identify issues in each organization, and effectively work to create a better work environment.

The global response rate, which was 82% in the first year, rose to 89% in the FY2022 survey. Although there was a decrease in the number of employees due to the transfer of the Elastomers Business, we expanded the scope of the target Group companies. In addition to carefully explaining to each company and stepping up cooperation, we also widely



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

disseminated information to employees, which greatly increased the number of participants in the survey.

In addition, based on the results of the first year, we improved the survey content and decreased the number of questions to rebuild the foundation for continuous improvement of employee engagement in the future.

An analysis of the overall survey results revealed positive aspects of the Group, such as business execution (delegation of authority/business processes), expectations for innovation, and respect for individuals, and we reaffirmed that these are the strengths of the Group.

On the other hand, in order to continuously increase employee engagement going forward, we found that there are two common global issues: first, making employees feel the company has a promising future and second, making employees feel that they can achieve their career goals at JSR.

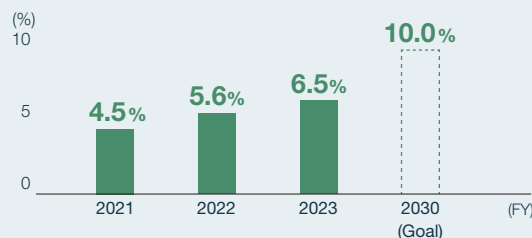
In addition, each Group company and department shares their own scores, interprets and discusses them with all members, and formulates improvement actions using a bottom-up approach. In FY2022, we saw many initiatives related to career and company policies around the globe.

We will continue to conduct the survey on a regular basis and work to improve employee engagement by implementing continual improvements from both the top down and bottom up while carefully examining the appropriateness of such actions and reflecting them in measures.

Diversity, Equity, and Inclusion

Goal: Percentage of women in managerial positions by FY2030 10%

Percentage of women in managerial positions



Note: Numerical figures as of April 1 of each year

■ Advancement Structure

At the JSR Group, the Diversity Promotion Office of JSR and the DE&I personnel of JSR North America Holdings are playing a central role in DE&I efforts under the Chief Sustainability Officer (CSO) who heads up the advancement of our corporate sustainability initiatives. In FY2022, we worked on sharing the different DE&I issues in each of the countries or organizations. We are strengthening global cooperation by engaging in ongoing discussion.

In addition, JSR and JSR North America Holdings have created internal portal sites to actively disseminate information to familiarize employees with the Group's DE&I actions, policy, and approach, so that they can each take ownership of DE&I.

■ Promoting Active Participation and Advancement of Women in the Workforce

The gender composition of JSR Group globally is 34% female and 62% male (4% other). When the percentage of females is viewed in terms of job position, the percentage of females in officer level positions is 13%, and the percentage of females in managerial positions is 22%. The percentages at the non-consolidated level are low, with females accounting for around 20% of JSR, 5% of officers, and 7% of managerial positions. There is a substantial difference in the gender composition ratio of employees and in the upper ranks compared to JSR Group on a global basis.

TOPICS

Initiatives of JSR North America Holdings

JSR North America Holdings seeks to improve corporate value through organizational growth and value creation. In FY2022, it launched an employee resource group (ERG) called REACH^{*1}, which connects Group companies cross functionally.

The ERG allows employees to take the initiative in activities to build a workplace environment where everyone can work authentically and energetically. For example, the company introduced a self-ID system where employees determine and enter their own identity information. It also carried out a self-ID campaign that provides an opportunity for self-expression so that each individual feels accepted and needed as a member of the company. In addition, it has established a forum for regular dialogue, where general employees, managers, and executives discuss



Please refer to the JSR Sustainability Site for more details.

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

At JSR, we believe that promoting DE&I at the management level; which plays a central role in organizational operations, will lead to an improvement in the overall resilience of the company. We have established a target of 10% for the percentage of women in managerial positions to be achieved by 2030 and are focusing on this as a key management issue (materiality). This initiative is one of our efforts to promoting diverse human resources. However, because women's advancement is a social issue unique to Japan, JSR has made the percentage of women in managerial positions as a result of ensuring fairness of opportunity a KPI and is working on it accordingly.

various subjects, learning from and empathizing with each other as they work to create a working environment that solidly reflects DE&I. Furthermore, volunteers have formed communities for various demographic groups, including women, BIPOC^{*2}, and LGBTQ, ensuring a safe and secure place for employees to connect with each other.

The various initiatives of REACH have cultivated an inclusive environment where employees with various attributes and diverse backgrounds accept each other and can be themselves.



^{*1} An acronym that stands for Representation (R), Education (E), Advocacy (A), Community (C) and Hope (H).

^{*2} An acronym used to describe three minority groups using B to stand for black, I for indigenous, POC for people of color.

Environment

Message from the Officer in Charge of Safety and Environmental Affairs



Policy

Seeing occupational safety, security and accident prevention, environmental conservation, and product safety as key foundations for its business activities, JSR Group conducts all business undertakings under the following Responsible Care® (RC) policy.

1. We strive to ensure the safety of employees and local communities, and to contribute to environmental conservation and a sustainable global environment by ascertaining risks associated with our business activities and executing countermeasures.
2. We strive to comply with laws, ordinances, and voluntary regulations by gathering information on and ensuring the full development of laws and regulations required for business activity.
3. We strive to ensure the safety of our products by developing products with consideration for safety, health, and the environment and providing information about them.

Sharing our safety philosophy with the entire Group and working to build a robust management foundation

In FY2021, JSR Group set KPIs for “environmental conservation and impact reduction” and “health and safety,” which are materiality (priority issues) related to the Group’s management foundation. Based on this, we continued with our activities in FY2022.

With regard to environmental conservation and impact reduction, we have set an interim target of a 30% reduction by FY2030 compared to FY2020 in order to ensure that we reach net-zero GHG emissions by FY2050. In addition to our existing energy conservation activities, we are promoting the use of purchased electricity generated from renewable energy and energy transition. Going forward, JSR Group will work together as one to implement these activities.

With regard to health and safety, starting in FY2022 we have been focusing on activities that are conscious of strengthening the safety foundation at all JSR Group sites in Japan and overseas, including the Life Sciences Business.

One of our activities is to instill safety-related value. This time, we have improved the content of the JSR Group’s shared safety philosophy to make it easier to understand. We intend to raise the safety level of the entire JSR Group by instilling this approach in each and every employee and monitoring the safety level of each site based on common standards.

These new activities will not only build a robust



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/environment/reduction.shtml

management foundation, but also provide value to all stakeholders, including employees, local communities, customers, and shareholders.

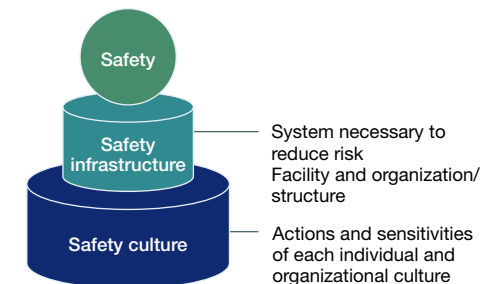
Stay safe.

JSR Group’s safety goal

Safety is based on risk, and safety is supported by a safety infrastructure that mitigates risk and a safety culture that complements and strengthens the safety foundation.

JSR divides the status of safety into three stages and aims for the target stage three to raise its safety level.

“Safety” means a state in which **risk is at an acceptable level, supported and ensured by a safety infrastructure and safety culture.**



Philosophy

JSR Group recognizes that it is our duty to contribute to the realization of a sustainable global environment and society as a company which handles chemical substances.

Therefore, we consider reducing the environmental impact arising from our business activities and appropriately managing chemical substances to be priority issues. Accordingly, we are striving to reduce greenhouse gas emissions from energy consumption and to appropriately manage waste. In particular, it is expected that climate change will have a big impact on our business due to the risks from an increase in natural disasters and environmental regulations. Therefore, we consider reducing greenhouse gas emissions to be a mid- to long-term management issue and are working on it over the whole of JSR Group.

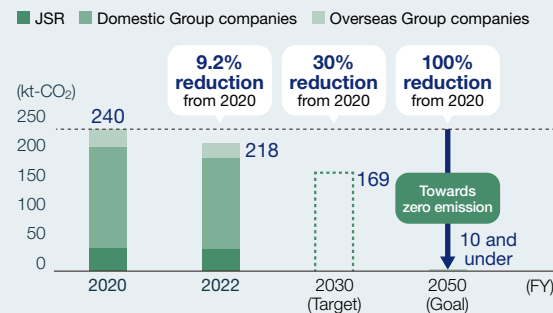
Reducing Environmental Impact: Material Balance

JSR Group strives to reduce its environmental impact in a comprehensive, efficient way by quantitatively ascertaining and closely analyzing inputs as well as outputs.



Climate Change Mitigation Materiality

Goal: Reduction of GHG emissions (vs FY2020)
FY2030: 30% reduction / FY2050: 100% reduction



Note: Due to the transfer of the Elastomers Business in April 2022, we have recalculated GHG emissions going back to the base year of FY2020.

Initiatives to Reduce GHG Emissions

In addition to fuel conversion, JSR Group has been working to enhance energy conservation technologies, introducing, for example, cogeneration equipment and sludge drying equipment.

As an example of our main initiatives in FY2022, we switched to renewable energy power plans at the following sites with the objective of reducing emissions by changing electricity procurement methods. We will continue to advance initiatives to reduce emissions.

Manufacturing sites

- JSR Micro Kyushu Co., Ltd.
- JSR Micro N.V.



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/environment/co2.shtml

Business offices

- Head office (tenant building)

Endorsing the mission of the TCFD, we identify climate change-related risks and opportunities through scenario analysis and formulate medium- to long-term measures. Based on this, we are taking on the challenge of introducing innovative energy technologies and promoting the development of eco-friendly businesses and products, thereby contributing to the formation of a decarbonized and recycling-oriented society.

We aim to achieve “net-zero” GHG emissions by 2050, and will continue to actively take on challenges going forward.



JSR Micro Kyushu



JSR Micro N.V.

Waste Reduction

Materiality

Goal: Final landfill amount of 0.1% or less

Disposal of industrial waste (FY2022) Unit: tons

Amount of industrial waste **14,482**

On-site
treatment

On-site recycling (Thermal recycling) **743**

Off-site waste generated **13,739**

Off-site
treatment

Off-site recycling **12,559**
(Thermal recycling, materials recycling,
chemical recycling, etc.)

Reduction (Incineration, dewatering, etc.) **1,176**

Amount of waste we send
to final off-site landfills **5**

Initiatives to Reduce Industrial Waste

JSR Group recognizes that “aiming for zero waste sent off to final off-site landfills” is an important issue.

Industrial and other waste generated in the Group’s corporate activities is first internally treated (separation, recycling, weight reduction, etc.), and the rest is externally treated as waste discharged outside the plant.

Amid this, we established a global target to reduce the amount of waste sent to final off-site landfills to 0.1% or less of the amount of waste generated, and we are promoting recycling toward this end. In FY2022, the amount of industrial waste generated was 14,000 tons (down 25% from the previous year), and the recycling rate was 92%. As a result, the amount of waste we sent to final off-site landfills was 5 tons, maintaining this ratio at less than 0.1%. We will continue to strive to control this waste, advance recycling, and implement activities from a long-term perspective.

Waste Plastic Recycling Promotion

JSR is working to advance the recycling of waste plastics with a target of reaching a recycling rate of 100% including heat recovery and 60% excluding heat recovery by FY2030.

The FY2022 waste plastics recycling rate (including heat recovery) was 92% for JSR and for domestic Group companies. We will continue moving forward with approaches. At the same time, our recycling rate (not including heat recovery) has fallen short of our target values as of the current point in time, and we will continue working to further raise our recycling rates.



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/environment/reduction.shtml

Chemical Management

Following the EU’s enactment of the REACH Regulation in 2007, JSR Group has confirmed regulatory trends such as substance registration each time they have been strengthened in countries. We respond to these without omission based on the business areas and structure of local subsidiaries.

From the perspective of ensuring product safety, we develop products in line with trends in chemical risk evaluations in each country from the design stage onward.

In addition, we are facilitating compliance with legislation requiring existing substances to be registered along with safety data, in collaboration with local subsidiaries.

Conservation of Water Resources

JSR Group uses such water resources for drinking water, of course, but also as a raw material, cleaning solution, in treatment facilities for chemicals, and coolant in its manufacturing processes. We strive to recycle water in our processes. At the same time, we purify and check the quality of the water as required after use before discharging it into rivers or other bodies of water.

In FY2022, JSR Group consumed 3,853,000 m³ of water (down 3.3% year on year) and discharged 3,748,000 m³ of wastewater in total (down 4.4% year on year).

We will continue to strive to appropriately manage increasingly important water resources in the future.

Reporting as Based on TCFD Recommendations

Philosophy

JSR Group sees responding to the problem of climate change currently facing society as one of the most important issues for the company because of its large correlation to the Group's businesses, and we are therefore actively working to reduce greenhouse gases (GHG) emissions both internally and externally.

The Group's manufacturing sites and supply chain directly impact climate change in various ways. At the same time, the Group aims to become a solution provider using innovation as a driving force. Thus, we can help mitigate climate change indirectly through our products and services. We understand that our response to climate change must be mindful of both these facets.

It is in this context that the Group expressed its support for the TCFD Recommendations in October 2020. We believe that these recommendations will contribute to the development of a sustainable society that is transitioning to a decarbonized economy. As a chemical company that takes climate change seriously, we seek to more deeply understand the opportunities and risks impacted by the Group's business activities. We take action accordingly and strive to disclose our initiatives proactively and publicly. We will seek to achieve net-zero emissions by 2050 as the Group announced in 2021 and to reduce GHG emissions through our products.

Governance

We utilize a supervisory structure, overseen by the Board of Directors, to examine and carry out appropriate responses to issues that could potentially pose business risks or represent business opportunities. With the aim of strengthening supervision of risks and opportunities related to sustainability, including responses to climate change, the Board of Directors receives progress reports twice a year, examines them as identified themes, shares issues, and discusses and deliberates on future activities. In addition, the executive officer in charge of promoting sustainability (CSO) concurrently serves as a director. In this manner, we have established a system that enables the Board of Directors to thoroughly implement sustainability management.

Strategy

In formulating strategies, risk management, indicators, and targets related to climate change, we have been conducting scenario analysis in line with the TCFD Recommendations since FY2019. In FY2022, we worked on designing calculation software for quantitative simulations. In FY2023, we will use this software to conduct simulations under conditions based on multiple scenarios and continue to conduct quantitative analysis.

On the other hand, we have incorporated internal carbon pricing (ICP) into the decision-making process for future investments. Specifically, the cost of investment assets is calculated based on ICP, future cash flows are calculated,



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/environment/tcfid.shtml

and reflected in return on investment. Based on the characteristics of each investment, we then determine the appropriateness of the payback period.

* Two climate-related scenarios of a type defined by such organizations as the Intergovernmental Panel on Climate Change (IPCC). They are descriptions of the economic measures that will be necessary to hold the increase in average air temperatures worldwide to within 1.5°C and 4°C respectively and forecasts of the damage expected from the increase in temperature.

Risk Management

We have been operating our own independent risk management system since FY2009, and under the leadership of the Risk Management Committee, we regularly identify risks in all units in Japan and abroad, including Group companies. Climate change risks, such as carbon pricing and global regulatory issues, which are particularly urgent and very important, are also regarded and discussed as management-level risks. With regard to climate change issues, we organize and assess transition risks as risks related to business strategies and physical risks as risks associated with business operations.

Metrics and Targets

With regard to climate change, we have designated GHG emissions as one of our KPIs and set targets that we are working to achieve. We have declared our aim of becoming carbon neutral in terms of our own GHG emissions (Scope 1 & 2) by FY2050. To establish milestones along the way, we formulated intermediate environmental targets for FY2030.

Health and Safety

Philosophy

Our goal is that every person who works for JSR Group, our own employees and those of contractors, can work safely and feel a sense of contentment. At the same time, as a responsible member of the local community, we continue to engage in business activities with a keen awareness of the environment and safety. Guided by the conviction that safety is the most important value for every person working in the manufacturing industry and is a major premise of our business activities, JSR formulated the Philosophy for Occupational Health and Safety, targeting zero accidents and disasters.

Safety Philosophy

At JSR Corporation, safety is our highest priority and the foundation of all of our activities. Accordingly, we will create safe worksites and strive to maintain physical and mental health, with the goal of ensuring workers happily take it for granted that they will return home safely at the end of each workday.

Safety Policy

• Extremely Safe Behavior

The Safety Policy has penetrated through the organization, the Course of Action is established as applying to everyone, and safety competency is improving through proactive safety activities.

• Enhanced Human Resources and Organizational Strength

High personal skills, organizational ability, and a healthy organizational culture are being maintained with the establishment and execution of the education and training programs needed for organizational management.

• Optimal Risk Management and Security Measures

Security measures corresponding to risk importance are being efficiently and effectively implemented using new technologies.

Courses of Action of Safety

- No matter the situation, we will act with safety foremost in mind.
- We will comply with established rules and never fail to act in accordance with safety basics.
- We will maintain safety by identifying and eliminating both actual and potential hazards.
- We will strive to create comfortable work environments and promote physical and mental health.
- Through communication and ingenuity, we will aim to achieve 100% employee participation in all safety activities.

Safety Management System

JSR has established and operates a safety management system comprised of each business location and containing rules and procedures on occupational safety, security and accident prevention based on the safety management regulations. At Group companies, we steadily implement the PDCA cycle in accordance with the management system of each respective company in an effort to mitigate risks both potential and present.

To verify the effectiveness of this management system and our activities, our business sites regularly conduct audits, safety patrols and management reviews and Headquarters Environment and Safety Audits led by the President in an effort to achieve continuous improvement.

We have compiled manuals that contain appropriate and effective response measures that help to prevent damages from spreading in the event of an accident or disaster. In addition, to prevent recurrences, we investigate to determine the root cause, implement countermeasures, and verify their effectiveness. In turn, we share this information within the Group to stop accidents before they occur.

Based on the belief that “safety is the foundation of business continuity and a key management issue necessary for corporate growth,” we establish targets and priorities for subsequent fiscal years in light of the results of environment and safety audits and management reviews. Through a selection-and-concentration approach to address priorities, we implement more efficient occupational safety, security, and accident prevention efforts.



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/environment/reduction.shtml

In FY2022, to advance concrete efforts towards the defined targets, we have set the number of occupational and facility accidents as a key performance indicator (KPI) of the material issue of “safety and health” within the Group. We have also globally standardized the evaluation criteria and have begun monitoring.

Physical and Mental Health

JSR Group feels that a healthy mind and body are extremely important for employees and their families to live happy lives. We also feel that they are imperative in the creation of a productive and vibrant workplace. Therefore, we take various actions in support of our employees so that they can remain healthy at work both mentally and physically.

JSR will advance “JSR Health Promotion” as an activity to promote health and fitness among our employees, who are the foundation of organizational activity, and thereby increase engagement and improve work productivity.

The ultimate vision and goal of this initiative is to become an organization where all employees can think about their own health and take action. We aim to provide measures to maintain and improve the health of each employee in ways that suit them and that can be performed autonomously.

By objectively evaluating and improving the results of these initiatives through a third-party survey, and implementing the PDCA cycle, we will develop more effective health maintenance and improvement measures and support the health of our employees.

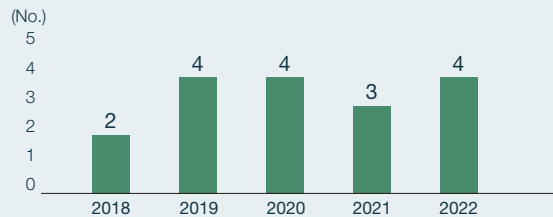


Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/society/security_safety.shtml

Create a safe work environment

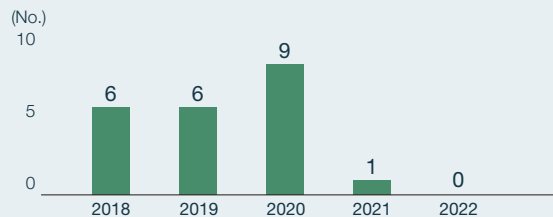
Goal: Zero workplace accidents

The number of workplace accidents
(at least four days of work lost: JSR Group)



Goal: Zero facility accidents

The number of facility accidents
(serious injuries: JSR Group)



Occupational Accidents

In FY2022, there was one occupational accident involving four or more lost work days at JSR, and there were three at Group companies for a total of four, in contrast to the Group's target of zero. There were many accidents such as

lower back pain that had not occurred in recent years, pinching and entanglement in the office, and slipping and tripping, and based on an analysis of the cause of these accidents, we have determined that there are issues with "education" and "identification of risks."

In FY2023, we are working on the items below as measures to prevent the recurrence of these occupational accidents.

- Enhancement of risk assessments (work risk management with additional focus on lower back pain from improper posture or repetitive tasks)
- Implementation of education (enhancement of clerical work risk awareness and education)

Facility Accidents

There were no facility accidents (serious facility accidents^{*1}) within JSR Group in 2022, meaning we achieved our goal.

We believe that one of the reasons we were able to achieve our target this year was that we were successful in our efforts to control corrosion at our facilities and engage in risk-based facility and crisis management^{*2}. These measures have already been incorporated into the facility management system and will continue to be implemented in the future.

^{*1} Facility accidents that fall under Risk Level I and II of our standards

^{*2} Evaluation of each facility and equipment based on safety, frequency of failure, etc., and management of inspections and maintenance based on the results

Activity Record

In FY2022, following the split and transfer of the Elastomer Business in April, we focused not only on safety activities centered on petrochemical plants, but also on building a foundation for safety at all JSR Group sites in Japan and overseas, including the Life Sciences Business.

Environment and Safety Audit

In FY2022, we conducted in-person audits of JSR's three business locations and seven Group companies in Japan in relation to the impact of the transfer of the Elastomer Business on the environmental and safety management structure, in addition to the key areas of risk management, legal compliance management, and accident management. There were no non-conformities at any of these business sites or companies that would significantly impact safety activities.

On the other hand, there was room for improvement in the maintenance and management of risk countermeasures. In order to further improve the level of safety, we will implement the following items.

- Strengthen risk countermeasure management (advance maintenance and management of high risk countermeasures)

Thorough Risk Management

In FY2022, we identified the status of important risks using an expanded scope of JSR Group. In FY2023, we will review our risk management standards related to the environment and safety and strengthen the management of important risks throughout JSR Group.

Fostering Safety Culture

We are in the process of setting KPIs for fostering a culture of safety within JSR Group. In FY2022, we established the JSR Group's philosophy on safety globally. We will strive to spread this from 2023 onwards, and at the same time, we plan to set goals (KPIs) for JSR Group and regularly monitor the safety status of each business site.

Respect for Human Rights

Philosophy

JSR Group positions respect for human rights as one form of materiality (important issue).

It is critical for the entire Group to enhance its understanding of human rights and take appropriate actions. We have established JSR Group's Human Rights Policy in accordance with the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, and the UN Global Compact, as we strive to fulfill our responsibility to respect human rights in all of our business activities.

Advancement Structure and Establishment of JSR Group's Human Rights Policy

At JSR Group, the Corporate Ethics Committee, which is chaired by the officer in charge of general affairs and whose office is the General Affairs Department, is responsible for promoting initiatives related to respect for and safeguarding of human rights.

The Corporate Ethics Committee is charged with formulating and executing plans to advance initiatives and verifying their progress. Progress is reported to the Board of Directors via the Sustainability Promotion Committee.

Goal: Participation rate in e-learning on respect for human rights

82% (FY2022)

Raising Awareness of Human Rights

Further educating Group employees of human rights is essential to fulfilling JSR Group's responsibilities in terms of respect for human rights. To this end, we are providing ongoing e-learning on human rights, aiming to systematically educate our employees on human rights.

In FY2022, we conducted the first installment of e-learning on the basic knowledge of human rights and overview of JSR Group's Human Rights Policy utilizing e-learning curriculum provided by Caux Round Table Japan (CRT Japan).

Going forward, the same course will continue to be implemented with the KPI of over 80% participation rate globally. In FY2022, overall participation exceeded the target at 82%, but participation varied among each implementation site. For places with lower attendance, we will look into factors among those who did not attend to identify whether there is any bias due to department or position and take measures to improve attendance.



Please refer to the JSR Sustainability Site for more details.

https://www.jsr.co.jp/jsr_e/sustainability/society/human_rights.shtml

Respect for Human Rights in the Supply Chain

JSR Group also understands the necessity of promoting initiatives oriented toward respect for human rights not only within the Group, but across the entire supply chain as well. To put this into practice, we revised our questionnaire for suppliers in 2017 and incorporated relevant items on respect for human rights in the JSR Group CSR/Sustainable Procurement Policy established in 2018.

Additionally, the JSR Group's Human Rights Policy clearly states that we will continue to encourage our business partners in the supply chain to support this policy and adopt a similar policy.

JSR Group's philosophy outlined in the above policies speaks for the requirements placed in companies by international society. JSR Group believes that it must share this philosophy with its business partners, and toward this end, we have conveyed both policies to the Group's main suppliers and collected consent forms stating their endorsement of the policies in FY2022. The entire Group is working to implement this effort with a target collection rate set at 100%. In FY2022, the collection rate was 90%.

We will continue taking the steps necessary to strengthen collaboration with partners in the supply chain and enhance our respect for human rights.

Supply Chain Management

Philosophy

JSR Group positions the “supply chain” as part of its materiality (priority issues) in terms of “Management Foundation.” An important role of JSR Group is to offer innovative materials and excellent products that meet customer needs and contribute to the making of a better society. Towards that purpose, we are working to build a sustainable supply chain and ensure that we can sustain stable procurement from sound suppliers.

Sustainable Procurement

Based on the belief that the development of supply chain management will lead to mutual prosperity between our business partners and JSR Group, we have established the JSR Group CSR/Sustainable Procurement Policy and ask our suppliers to comply with 36 items representing six areas.

Furthermore, in FY2021, in order to further share the needs of society and JSR Group's philosophy, we began collecting acknowledgement of receipt from suppliers with regard to the JSR Group's CSR/Sustainable Procurement Policy and Human Rights Policy. We hold briefings for purchasing managers at each of our business sites, including overseas Group companies, and work Groupwide to achieve a 100% collection rate. As of the end of FY2022, the collection rate was 90%. Going forward, we will continue encouraging responses from overseas Group companies, which have relatively low collection rates.

Goal: 100% collection rate of acknowledgement of receipt received after sharing the JSR Group's CSR/Sustainable Procurement Policy and Human Rights Policy with our suppliers

Collection rate of acknowledge of receipt: 90% (FY2022)

Goal: 100% collection rate of RMI templates from our suppliers

88% (FY2022)

Assessment of Business Partners

JSR regularly confirms that our business partners conform to our procurement assessment standards. When assessing potential new business partners, we evaluate their financial status and quality control and conduct onsite audits of safety, environmental, and quality concerns before starting trade. We also reassess as needed existing business partners with whom we have a continuing business relationship following the same criteria as when starting new trade.

Some raw materials are difficult to procure in an emergency due to poor availability or scarcity. For them, we conduct regular audits, making onsite checks of matters having a bearing on supply continuity, and offering suggestions and guidance for quality reliability.

Response to conflict minerals and others

Our stance based on the JSR Group Purchasing Guidelines is to never permit the use of conflict minerals posing a high



Please refer to the JSR Sustainability Site for more details.

https://www.jsr.co.jp/jsr_e/sustainability/society/supplychain.shtml

risk of having negative impacts on human rights in the supply chain (tin, tantalum, tungsten, and gold), either directly or indirectly.

In FY2015, we conducted an investigation concerning the use of conflict minerals. Since then, we have investigated the use of conflict minerals when adopting new raw materials and hiring a new supplier. Additionally, in recent years, given the growing concern about human rights violations associated with cobalt and mica mining in regards to child labor, in FY2022 we conducted a survey that made use of global standard templates provided by the Responsible Minerals Initiative (RMI). We received templates from 88% of our suppliers located in Japan and overseas with a possibility of use of those minerals, and confirmed that they do not use these minerals or if they do, they procure them from refiners that have no problems.

Education and Training of Employees in Charge of Procurement

We also focus on the education and training of employees in charge of procurement on the subject of CSR/sustainable procurement and conflict minerals initiatives.

This includes introductory education to personnel newly assigned to purchasing departments to ensure that they fully understand the JSR Group Purchasing Guidelines. For employees in charge of procurement, we also recommend that they acquire the Japan Management Association-accredited Certified Procurement Professional certification (CPP; a qualification certifying expertise in the purchasing and procurement field) to promote their acquiring of more advanced knowledge. We support them in this endeavor by paying the costs of workshops and examination fees.

Corporate Governance

Philosophy

JSR Group's goal is 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. 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 performance-based remuneration for directors other than outside directors covering the short, medium and long term.

Shift toward Strengthening of Corporate Governance

We have been working to strengthen the management supervisory function and maintain the transparency and soundness of the Company, and to achieve prompt and efficient decision-making and business execution that will improve the Company's medium- to long-term corporate value. These efforts include appointing independent outside directors, establishing the Remuneration Advisory Committee and the Nomination Advisory Committee, and evaluating the effectiveness of the Board of Directors. We continue to strengthen governance, including implementation of the Malus Clawback clause in FY2021, under which all or part of incentive remuneration will be returned or seized in the event of certain circumstances, to ensure the soundness of the remuneration system for officers.

Governance Highlights

■ Performance-Linked Director Remuneration

Remuneration for directors consists of a basic remuneration, an annual bonus, performance-linked stock remuneration to be granted after the applicable period aimed at steadily implementing the Medium-Term Management Plan ending in FY2024 and business structure reform, and restricted shares. This composition is designed to facilitate improvement of corporate value as well as sharing of corporate value between directors and shareholders. For details, see page 47.



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/governance/governance.shtml

■ Governance Framework Drawing on Outside Strengths

The three current Audit & Supervisory Board members include an attorney and a certified public accountant, both of whom are independent and possess advanced expertise and vast experience.

In addition, the Board of Directors includes outside directors in fields where JSR Group expects to grow.

Ratio of outside directors

44%

Ratio of outside Audit & Supervisory Board members

66%

■ Main Agenda Items of the Board of Directors

- Acquisition of IndivuServ business unit of Indivumed GmbH
- Acquisition of additional stocks of JSR Electronic Materials Korea Co., Ltd.
- Progress report of each business and medium- to long-term strategy review
- Confirmation of policy on cross-shareholdings based on Corporate Governance Code and divestment
- Report on sustainability management
- Cybersecurity report
- Enhancement of monitoring role of the Board of Directors

Governance Structure

■ Board of Directors

The Board of Directors 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. In addition, all three Audit & Supervisory Board members including two independent outside Audit & Supervisory Board members regularly attend the Board of Directors meetings to state their opinions.

Going forward, based on the findings of the Nomination Advisory Committee, the Company will ensure the diversity of knowledge, experience, and abilities required for the Board of Directors in light of current business strategies, and seek to maintain the optimal Board composition within a 12 member limit.

■ Executive Committee

This Executive Committee is comprised of the CEO and President, and executive officers or general managers appointed by the CEO and President. It responds to important business execution with the aim of expediting decision making and improving the efficiency of operations with meetings held generally every week. The Executive Committee holds extensive discussions on items relating to fundamental management initiatives, management policies and management plans, along with important matters concerning the execution of business activities at each department. The committee thus gives direction or receives reports in relation to these issues.

■ Business Issues Committee

The Business Issues Committee generally holds monthly

meetings consisting of the CEO and President, and executive officers appointed by the CEO and President. It engages in broad-ranging debate on items related to fundamental management initiatives, management policies, basic policies behind specific projects, and changes to business strategies. It also shares information and issues to ensure a common understanding of such matters and discusses the Company's direction. Its findings are reflected in deliberations of the Board of Directors and the Executive Committee.

■ Officers Committee

This Officers Committee consists of the CEO and President and all officers and aims to ensure members' thorough understanding of business conditions and important business matters. The standing Audit & Supervisory Board

member is also present at committee meetings.

■ Audit & Supervisory Board and Audit & Supervisory Board Members

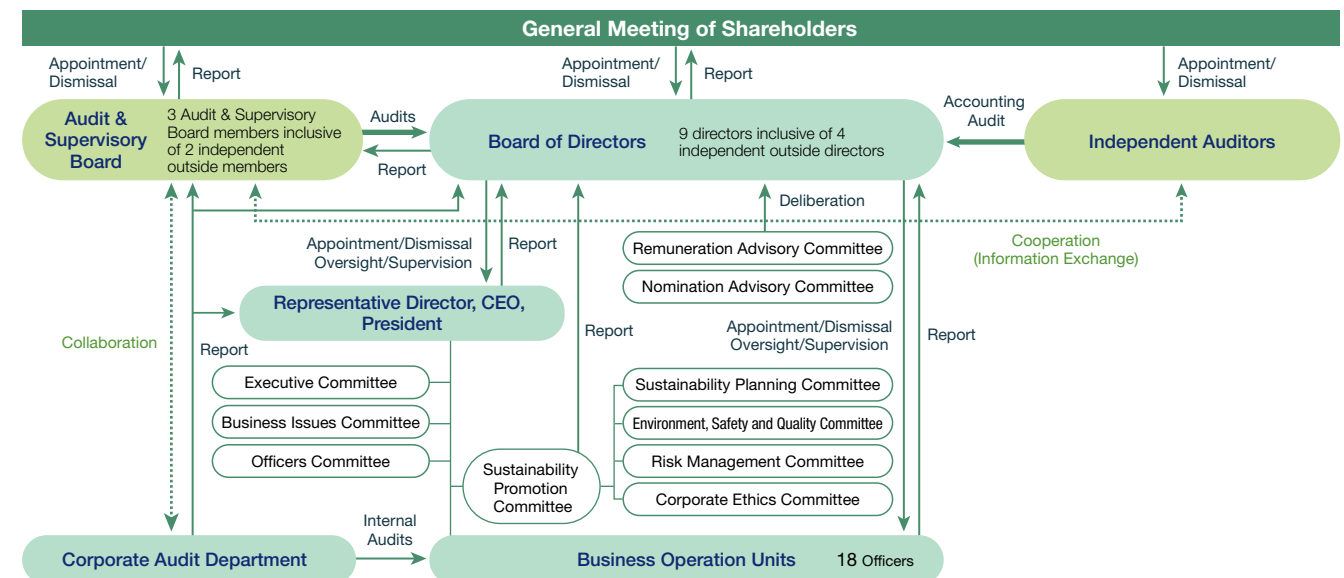
The Audit & Supervisory Board, consisting of three Audit & Supervisory Board members and holding meetings once monthly in principle as stipulated in the Regulations of the Audit & Supervisory Board, receives reports on important matters, holds discussions, and makes decisions.

■ Outline of Internal Audit, Audit by Audit & Supervisory Board Members, 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 Audit & Supervisory Board and

Corporate Governance Structure Diagram (As of June 16, 2023)



Audit & Supervisory Board members.

(2) Internal Audit

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

(3) Independent Auditors

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.

■ Sustainability Promotion Committee

Based on our corporate mission, in order to maintain good relationships with various stakeholders and to become a company that is trustworthy and indispensable, JSR Group has established the Sustainability Promotion Committee with the purpose of advancing sustainability activities that contribute to all stakeholders by creating value through corporate activities. The Company has set up the following four committees under the Sustainability Promotion Committee: the Sustainability Planning Committee, the Environment, Safety and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee.

Evaluation of the Effectiveness of the Company's Board of Directors

The Board of Directors of the Company has been conducting an evaluation in order to maximize corporate value of the Company by enhancing its effectiveness. The FY2022 effectiveness evaluation findings reached the conclusion that the JSR Board of Directors is functioning effectively. Effectiveness evaluations will continue to be performed moving forward.

■ Summary and Results of Board of Directors Effectiveness Evaluation for FY2022

Evaluation Process

The Board of Directors conducted a questionnaire and interview session targeting all nine directors (including four independent outside directors) as well as all three Audit & Supervisory Board members (including two independent outside auditors). The Board of Directors has evaluated and analyzed the results of the evaluation by setting up discussion sessions at the Board of Directors meetings several times to discuss the results of the questionnaire and interviews. In FY2022, the Board of Directors hired a third party with expertise in implementing the above evaluation process.

Conclusions

Through analysis, evaluation and discussions conducted, the Board of Directors has drawn the conclusion that the Board of Directors of the Company is functioning effectively.

Reasons for Evaluation

- The board has the right composition in terms of diversity (e.g., nationality, gender, etc.). In addition to providing high value-added advice, the Board of Directors conducts frank and active discussions aimed at improving the medium- to long-term corporate value.

- The Board of Directors fully fulfills its role and function as a meeting body which supervises the execution of operations from the perspective of various stakeholders and seeks improvement from management as necessary.
- The majority members of either the Remuneration Advisory Committee or the Nomination Advisory Committee are independent outside directors, while the chair of each is an independent outside director as well. They provide appropriate reports while maintaining independence and objectivity thereby strengthening the supervisory function of the Board of Directors.

Issues and Future Initiatives

It was pointed out in last year's effectiveness evaluation that it is necessary to consider a specific monitoring approach, the size and composition of the Board of Directors, as well as the directors' qualification and diversity in order to enhance the monitoring function of the Board. In response to this critique, at this year's Board of Directors' meeting, we discussed and organized the issues and approach for transitioning to a monitoring model and have obtained a consensus among the Board members regarding our vision for the Group's monitoring model.

(Our vision for the Board of Directors)

- To approve strategies and supervise their execution from a multi-stakeholder perspective (monitoring function) and provide advice that will maximize the corporate value (advisory function).
- To actively support the management that embodies Materials Innovation by focusing on the above defined functions and entrusting business divisions with execution through broadly delegating decision authority to execute important business decisions.

This year's Board of Directors effectiveness evaluation has pointed out the following issues regarding the realization of the our vision of a monitoring model. As such, we will continue to our efforts to address these issues.

Issues Noted

- While the current Board of Directors is functioning effectively, it is necessary to clarify the definition, detail and criteria of supervision and reaffirm the roles and responsibilities of supervision and

executive in order to transition to a monitoring model centered on supervisory function. As such, we must make efforts to achieve the optimal composition of the Board of Directors to strengthen the monitoring function.

- While important management issues are being discussed by the Board of Directors, it is necessary for the Board to appropriately grasp the business strategy and execution status after the business transfer of Elastomers in order to realize a more effective supervisory role. In order to focus on deliberations regarding medium- to long-term directions and strategies, it is necessary to further narrow down the agenda to important items, set specific target levels and goals, and conduct post-decision supervision based on the standards.
- The composition and roles of the Nomination Advisory Committee are appropriate. However, there are issues in terms of ensuring enough time and information for substantive discussion on successor training plan, and it is necessary to further enhance deliberations.
- The current system and function of auditing are working effectively. However, it is necessary to continue enhancing the systematic and integrated audit system for the Group on a global scale for the Board of Directors to adequately assess important risks as we expand our business globally.

Executive Compensation

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 enable the Company to develop and recruit internationally competitive and diverse human resources capable of managing the businesses, and to provide short-, medium- 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 accomplish the management strategies and business strategies of the Company. The remuneration framework should:

- (1) 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;
- (2) Encourage the management to demonstrate healthy entrepreneurial spirit by motivating them to achieve the objectives of business strategies aiming at continuous growth; and
- (3) 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 director.

Remuneration Governance

■ Procedures for Determining Remuneration

In relation to remuneration for the directors, the Board of Directors 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 Board of Directors mentioned previously and to enhance the monitoring

function and accountability of the Board of Directors, the Company established the Remuneration Advisory Committee as an advisory body for the Board of Directors.

■ Items for Deliberation and Reports by the Remuneration Advisory Committee

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

Persons eligible: Inside directors (including representative directors and executive directors), outside directors, Audit & Supervisory Board members, officers, executive advisors, senior advisors and other important employees

Items for deliberation: Establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of

Remuneration Framework

	Remuneration Structure	Time of Payment or Granting	Summary of AGM Approval
Fixed Salary	Basic Remuneration	Monthly payment	The maximum amount for directors is JPY 60 million per month (inclusive of JPY 10 million per month for outside directors). The maximum amount of basic remuneration for Audit & Supervisory Board members is JPY 10 million per month.
	Annual Bonus	Payment at a fixed time every year	The maximum annual amount for directors excluding outside directors is JPY 432 million.
Performance-Linked Remuneration	Performance-Linked Remuneration	In principle, units shall be granted in FY2021, and shares and money shall be provided in a lump sum after the end of the Performance Evaluation Period.	<ul style="list-style-type: none"> • Maximum amount of monetary compensation claims and total amount of money: Number of fixed share units 800,000 × share price at delivery for target period. • Maximum number of shares to be granted: 400,000 shares for target period.
	Remuneration for granting Restricted Stock	Payment at a fixed time every year	<ul style="list-style-type: none"> • Up to JPY 400 million per year and up to 400,000 shares per year. • The lifting of the transfer restriction is a period of up to 3 ~ 30 years determined in advance by the Board of Directors. In addition, if resignation, etc., occurs for justifiable reasons determined by the Board of Directors during the transfer restriction period.

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

■ 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 a chairperson shall be elected from independent outside directors by resolution of the Board of Directors in order to ensure independence, objectivity, and accountability as well as effectiveness of the Remuneration Advisory Committee. In addition, Willis Towers Watson (WTW) as a third party remuneration consultant, and staff members for the Committee also attend the Remuneration Advisory Committee meetings as observers.

Remuneration Framework of the Company

■ Remuneration Structure

The Company's executive remuneration consisted of basic remuneration as fixed compensation, annual bonuses that are linked to the level of companywide performance in a single year, performance-linked stock compensation plan (performance share units) aimed at achieving the Medium-Term Management Plan ending in FY2024 and steady business structure reform, as well as compensation for the granting of restricted shares (non-monetary compensation) to promote continuous improvement of corporate value and the sharing of value with shareholders. Remuneration for outside directors and Audit & Supervisory Board members is only basic remuneration in light of their roles.

■ Appropriateness of the Remuneration Level of the Company

When considering the above-mentioned remuneration structure and composition thereof, the Remuneration Advisory Committee verifies the appropriateness of the level of remuneration through an 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 remuneration and other remuneration for the director who is responsible for overseeing and managing the Company's international businesses, etc., the Remuneration Advisory Committee verifies the appropriateness of the 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 is responsible for as well as considering

each director's job responsibilities and the magnitude of impact on management of the JSR Group.

■ 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 proportion of each remuneration component, assuming basic remuneration at 100 (with standard performance-linked remuneration for 100% achievement of target) is as indicated in the table below. The proportion of each remuneration component for the CEO who oversees the North America Business is determined based on a survey conducted by an

Proportion of Each Remuneration Component, Assuming Basic Remuneration at 100
(with Standard Performance-Linked Remuneration for 100% Achievement of Target)

		Basic Remuneration	Performance-Linked Remuneration			Basic Remuneration: Performance-Linked Remuneration
			Annual Bonus	Performance-Linked Remuneration (per fiscal year)	Restricted Stock	
Directors (Excluding Outside Directors)	CEO, President	100	100	200	200	100:500
	Managing Officer/ Senior Officer/ Officer (concurrently serving as a Director)	100	25	Around 23	Around 23	100:70

* A Director who concurrently serves as a Managing Officer or its subordinate officer position is compensated with a concurrent director allowance that is separate from the table. Moreover, a Director who also concurrently serves as a Managing Officer or its subordinate officer position with a right to representation is compensated with a representation right allowance that is separate from the table.

external specialist organization on the executive compensation components of the region concerned.

Succession and Evaluation of the Group's Management Structure (Initiatives by the Nomination Advisory Committee)

The Nomination Advisory Committee was established in FY2015. Currently, the Committee consists of five members, including four independent outside directors (one of whom is the chair), as well as the CEO and President. The Committee carries out objective and long-term examinations of appointments and dismissals of the CEO and President, the Board of Directors' composition and elections, the Group's management structure, and succession plans for vital management posts.

In FY2022, the CEO, President submitted annual

management activity reports to the Committee, which evaluated management activities over the course of the year. In addition, the committee reviewed the management succession plan as well as composition and selection of the Board of Directors.

■ Nomination Advisory Committee

JSR established the Nomination Advisory Committee to ensure the transparency of the policy and procedures of appointing candidates for directors, Audit & Supervisory Board members and officers with directorship status (including senior officers). A majority of Committee members are independent outside directors and the chair is also an independent outside director. The Committee deliberates the standard for the diversity in breadth of knowledge, experience, and capability necessary for the

Board of Directors, criteria and procedures for the nomination, and candidates for future appointment as CEO, the President, directors, officers with directorship status (including senior officers), and Audit & Supervisory Board members, and reports its findings to the Board of Directors.

In addition, the CEO and President submit to the Committee an annual report on a broad range of strategic management activities. Based on the report, the Committee assesses the business result and performance of the CEO and President and advises the Board of Directors whether or not improvement in management quality is necessary.

■ Dismissal of Directors

The Committee will deliberate and report to the Board of Directors in a timely fashion when the Committee

Skills Matrix of Directors and Audit & Supervisory Board Members

	Name		Corporate Management Experience	Sales & Marketing	Manufacturing, R&D & IP	Finance & Accounting	Legal, Compliance & Risk Management	Sustainability	Globalization	Specialized Knowledge and Experience in Core Business Segments	
										Digital Solutions	Life Sciences
Director	Eric Johnson		○	○	○			○	○	○	○
	Koichi Hara					○	○		○	○	○
	Seiji Takahashi				○				○		
	Ichiko Tachibana						○	○			
	Kenichi Emoto					○			○	○	
	Tadayuki Seki	Independent outside officer				○	○	○	○		
	David Robert Hale	Independent outside officer	○			○		○	○		○
	Masato Iwasaki	Independent outside officer	○	○	○		○	○	○		○
	Kazuo Ushida	Independent outside officer	○		○			○		○	
Audit & Supervisory Board Member	Tomoaki Iwabuchi					○	○	○			
	Junko Kai	Independent outside officer					○	○			
	Takaaki Tokuhito	Independent outside officer				○	○		○		

judges there arises a reason that necessitates dismissal of directors including the CEO and President. In order to ensure transparency of the deliberation, the Committee takes necessary measures such as deliberation solely among outside independent directors for the agenda relating to dismissal of the CEO and President. Upon receipt of the aforementioned annual management activities report and based on the business result and performance evaluation of the CEO and President as well as business circumstances and economic outlook, etc., the Committee annually deliberates and judges appropriateness of the appointment, dismissal of the CEO and President and terms of office.

■ Criteria for Appointing Candidates for Directors

When nominating candidates for directors, JSR makes it a rule to ensure an appropriate balance among diversity in breadth of knowledge, experience, and capability essential to the Board of Directors and the size thereof in order to make important management decisions and oversee the execution of duties in an appropriate and timely fashion. JSR appoints persons who are mentally and physically sound and have an exceptional personality and popularity, and high principles and ethical view.

The specific elements in terms of knowledge, experience, and capability essential to the Board of Directors are identified based on medium- and long-term management policies and strategies, and are disclosed in the skills matrix.

■ Criteria for Appointing Candidates for Audit & Supervisory Board Member

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 appoints 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. 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.

Policy for Training Directors and Audit & Supervisory Board Members

JSR provides opportunities for newly appointed officers to participate in external seminars and training programs, such as one specifically designed for newly appointed directors, because of their potential as future board members. JSR also conducts introductory seminars and plant and laboratory tours and other opportunities for newly appointed outside directors and outside Audit & Supervisory Board members, to deepen their understanding of the Company and its businesses. Moreover, when a Board of Directors meeting is held, JSR picks up key issues closely related to its businesses as Specific Themes for Review and Discussion and thereby provides an opportunity for directors and Audit & Supervisory Board members in attendance to exchange opinions on such themes. This opportunity helps them not only deepen their understanding of the Company's business challenges but also promotes communication between board members. Furthermore, JSR holds regular seminars by outside lecturers prior to the General Meeting of Shareholders to review the status of corporate governance in general and legal reforms.

Succession Plan

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

Policy on Constructive Dialogue with Shareholders

To promote constructive dialogue with shareholders and investors, officers responsible for the Finance Department and the Corporate Communications Department take charge of IR activities, and work together to facilitate dialogue. Every year, the CEO and President or an officer in charge of IR holds interviews with major institutional investors in Japan and overseas to explain the details and progress of the medium-term business plan. JSR has been endeavoring to provide investors with Company information on its website, such as financial statements, information on mid-term business plans and progress thereof, and details of business performance of main businesses, as well as information on sustainability activities including efforts to conserve the environment and Responsible Care, and on R&D activities. Opinions and questions that JSR receives from investors through the above-mentioned discussions are fed back to management as IR activity reports. In discussions with shareholders, JSR has appropriately treated insider information (setting moratoriums 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).

Main Activities of Outside Officers in FY2022

*As of June 16, 2023 (the end of the 78th Ordinary General Meeting of Shareholders)

Name	Position Term of office in parenthesis	Main Activities
Tadayuki Seki	Director (Six years)	Tadayuki Seki attended all 17 Board of Directors meetings held in the fiscal year. Utilizing his extensive experience in finance and accounting as CFO and in management positions at a multinational trading company coupled with his outside perspectives independent of the Company, he shared his views as necessary during deliberations of agenda items to enhance important decision-making and supervision of execution of the Board of Directors as well as contributed to corporate governance. He also contributed to the continuous improvement of corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. Seki serves as chairman on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Seki assisted in the review of the succession plan for the Group's management structure as a chairman of the Nomination Advisory Committee from an objective and long-term perspective.
David Robert Hale	Director (Two years)	David Robert Hale attended all 17 Board of Directors meetings held in the fiscal year. He utilized his extensive experience in global business administration as well as business transformation and expansion as a partner at an investment firm engaged in long-term investments and as a director of investee companies, coupled with his international and outside perspectives, in important decision making by the Board of Directors, supervision of execution of duties, and strengthening of corporate governance. As a result, he contributed to the continuous improvement of corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. Hale serves on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Hale assisted in the review of the succession plan for the Group's management structure as a member of the Nomination Advisory Committee from an objective and long-term perspective.
Masato Iwasaki	Director (One year)	Masato Iwasaki attended all 13 Board of Directors meetings held after his appointment. Utilizing his extensive experience in management of a multinational corporations engaged in the fields of ethical pharmaceuticals along with his outside perspectives independent of the Company, he enhanced important decision-making and supervision of the execution of the Board of Directors as well as contributed to corporate governance. He also contributed to the continuous improvement of corporate value of the Group by ensuring the rationality of management's decision making and the transparency and soundness of management. As a member on the Remuneration Advisory Committee, Iwasaki made every effort to ensure the rationality and transparency of the officer remuneration system. Also, he assisted in the review of the succession plan for the Group's management structure as a member of the Nomination Advisory Committee from an objective and long-term perspective.
Kazuo Ushida	Director (One year)	Kazuo Ushida attended all 13 Board of Directors meetings held since his appointment. Utilizing his extensive experience in management of a multinational company engaged in the fields of video-related products, precision machinery, etc. coupled with his outside perspectives independent of the Company, he enhanced important decision-making and supervision of the execution of the Board of Directors as well as contributed to corporate governance. He also contributed to the continuous improvement of the Group's corporate value by ensuring the rationality of management's decision making and transparency and soundness of management. He serves on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Ushida assisted in the review of the succession plan for the Group's management structure as a member of the Nomination Advisory Committee from an objective and long-term perspective.
Junko Kai	Audit & Supervisory Board Member (Two years)	Junko Kai attended all 17 Board of Directors meetings and all 17 Audit & Supervisory Board meetings held in the fiscal year. She utilized her wide ranging specialist knowledge and extensive experience in law as an attorney-at-law coupled with her outside perspectives independent of the Company in audits, and she shared her views as necessary during deliberations of agenda items at Board of Directors meetings and contributed to ensuring the rationality of management's decision making and the transparency and soundness of management.
Takaaki Tokuhira	Audit & Supervisory Board Member (One year)	Takaaki Tokuhira attended all 13 Board of Directors meetings and all 12 Audit & Supervisory Board meetings held since his appointment as a member of the Audit and Supervisor Board. He utilized his wide ranging specialist knowledge and extensive experience in finance and accounting as Certified Public Accountant coupled with his outside perspectives independent of the Company in audits, and he shared views as necessary during deliberations of agenda items at Board of Directors meetings and contributed to ensuring the rationality of management's decision making and the transparency and soundness of management.

Officers (As of July 31, 2023)

Directors and Audit & Supervisory Board Members

Nomination Nomination Advisory Committee

Remuneration Remuneration Advisory Committee



Eric Johnson

Representative Director, CEO, President
North America Business
President of JSR North America
Holdings, Inc.

Nomination **Remuneration**



Koichi Hara

Representative Director, Managing
Officer
Corporate Planning (including
supervising Group companies), M&A

Remuneration



Seiji Takahashi

Director, Managing Officer
Manufacturing, Procurement and
Logistics, Environment and Safety,
Quality Assurance, Yokkaichi Plant
Manager



Ichiko Tachibana

Director, Senior Officer
Sustainability Promotion, Diversity
Promotion, Global HR Coordinate



Kenichi Emoto

Director, Officer
Accounting, Finance, Corporate
Communications



Tadayuki Seki

Outside Director

Nomination **Remuneration**



David Robert Hale

Outside Director

Nomination **Remuneration**



Masato Iwasaki

Outside Director

Nomination **Remuneration**



Kazuo Ushida

Outside Director

Nomination **Remuneration**



Tomoaki Iwabuchi

Standing Audit & Supervisory Board
Member



Junko Kai

Outside Audit & Supervisory Board
Member



Takaaki Tokuhira

Outside Audit & Supervisory Board
Member

Officers (excluding those concurrently serving as directors)

Managing Officer

Makoto Doi

Legal Affairs, Compliance

Senior Officer

Kazumasa Yamawaki

Plastics Business, President of Techno UMG
Co., Ltd.

Mikio Yamachika

Supervising Digital Solutions Business,
Manufacturing and Technology, General
Manager of Digital Solutions Business DX
Planning and Acceleration Dept.

Tim Lowery

Life Sciences Business General Manager of
Life Sciences Div.
President of JSR Life Sciences, LLC

Keisuke Wakiyama

Display Solution Business, Edge Computing
Business, China Business General Manager
of Display Solution Business Div.
Chairman of JSR (Shanghai) Co., Ltd.
Chairman of JSR Display Technology
(Shanghai) Co., Ltd.
Chairman of JSR Micro (Changshu) Co., Ltd.

Toru Kimura

Supervising Digital Solution Business
(deputy), Electronic Materials Business
General Manager of Electronic Materials Div.
General Manager of Advanced Lithography
Material Business Promotion Dept. in
Electronic Materials Div.
Chairman of JSR Electronic Materials
(Shanghai) Co., Ltd.
Representative Director of JSR Electronic
Materials Korea Co., Ltd.

Officer

Yasufumi Fujii

Human Resources Development, General
Affairs, Secretarial Office

Yutaka Yoshimoto

Office of President, Emerging Business,
General Manager of Office of President,
Executive Officer of JSR Active Innovation
Fund, LLC

Hiroaki Tokuhisa

New Research (CTO), Intellectual Property,
Material Characterization Analysis, General
Manager of RD Technology · Digital
Transformation Center, General Manager of
JSR Bioscience and informatics R&D center

Khashayar (Hash) Pakbaz

Digital Transformation (CDO)

Motoyuki Shima

Electronic Materials Development (deputy),
Development Management at Yokkaichi Area
General Manager of Fine Electronic Materials
Development Center in Electronic Materials Div.

Kentaro Yamamoto

IT Strategy, Cyber Security Management,
General Manager of IT Strategy Dept.

Amin Spura

Director and CEO of Crown Bioscience
International

Jeffrey Mowery

Director, President, and CEO of KBI
Biopharma, Inc.
Director and President of Selexis SA

Compliance

Philosophy

JSR Group has been endeavoring, by building up and maintaining good relationships with all our stakeholders, to become a trustworthy and indispensable corporate citizen. We have been vigorously executing our Code of Conduct in order to fulfill “Our Responsibility to our Stakeholders”, an essential part of our Management Policies, as well as to ensure compliance with relevant laws and regulations during the course of our business.

JSR Group Principles of Corporate Ethics

JSR Group is advancing corporate ethics activities together with all of its Group companies, both in Japan and overseas. To achieve this, we have formulated JSR Group Principles of Corporate Ethics as a concrete and globally-shared guideline that reflects our “Essential Elements”.

The principles represent a Code of Conduct that all directors and employees (full-time, contract, part-time, and temporary employees as well as employees on short-term contracts) of JSR companies should comply with to develop our corporate activities while fulfilling the management policies spelled out in “Our Responsibility to our Stakeholders”. The Group shall never require directors and employees of Group companies to violate this Code of Conduct. Additionally, JSR Group shall not disadvantage any director or employee who refuses to execute an order to violate the Code of Conduct because of that refusal.

Corporate Ethics Activities

■ Corporate Ethics Awareness Survey

JSR Group works to grasp and improve corporate ethics-related issues by conducting annual surveys on corporate ethics awareness that target the directors and employees of JSR Group companies in Japan and overseas. The results are reported at the Corporate Ethics Committee and then to an Officers Committee. They are subsequently fed back to employees as a post containing a message from the assigned officer summarizing the results and explaining issues and other matters gleaned from the results. Overseas Group companies also strive to build awareness of corporate ethics and legal compliance among their employees, including their locally hired employees, using methods that are appropriate for the local culture.

■ Hotline (Internal Reporting Channels)

JSR Group has introduced a system of internal reporting channels called the Corporate Ethics Hotline. There are three categories of hotlines; namely, an internal hotline operated by the corporate ethics committees of the Company and each Group company, an external hotline operated by an outside law firm or a professional organization, and a business partner hotline. Of these, the external hotline operated by outside professional organizations has staff who speak 16 languages, including Japanese, English, Korean, Chinese, and Thai, making them easily accessible to business offices overseas.

The Corporate Governance Code stipulates that a contact point independent of management should be established as part of developing a whistleblowing system. Accordingly, we have set up the external hotline such that any report that comes through is simultaneously reported to the



Please refer to the JSR Sustainability Site for more details.

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

office of the Corporate Ethics Committee and the standing Audit & Supervisory Board member.

For each report that comes in, the office of the Corporate Ethics Committee in the company concerned requests the relevant department to ascertain the facts. The office then discusses and decides on responses based on the department's findings, implements responses, and later follows up on the results. If the reporter desires feedback, the contact point that initially received the report contacts him/her with the results as well as the responses taken.

We post and display guides for accessing the hotlines on the company intranet and the top page of online internal newsletters to make these hotlines easier to use.

In addition, we also hold yearly meetings between the corporate ethics officers of domestic Group companies and JSR's Corporate Ethics Committee for the purpose of ensuring all Group companies in Japan are on the same page and tackling ethics-related issues.

JSR Group Business Partner Hotline

In Japan, the revised Whistleblower Protection Act came into effect in June 2022. In light of this, we have expanded the supplier hotline for purchasing partners to make reports to the JSR Group Business Partner Hotline for whistleblowing use by a wider scope of business partners of the Group, not limited to purchasing partners.

The JSR Group Business Partner Hotline receives reports from business partners to quickly discover and resolve violations of the law as well as actual and possible violations of corporate ethics in business transactions. Hotline services are entrusted to the same outside organization employed for the employees' hotline. Efforts are

being made toward improving reliability, by thoroughly enforcing strict secrecy of reports and prohibiting handling of reports that would be disadvantageous to those reporting.

In FY2022, there were zero reports made to the JSR Group Business Partner Hotline.

Legal Compliance Measures

Every JSR Group member defines legal compliance regulations that form the basis of its legal compliance. Each company then uses the regulations to solidify its compliance through regular review and improvement as well as legal training to increase awareness of laws and regulations and instill commitment to compliance. JSR Group establishes specific systems and executes other priority approaches to ensure compliance with laws and regulations that are particularly relevant to the execution of business.

Approach to Preventing Bribery and Unfair Competition

JSR Group has formulated “Policy for Bribery Prevention”, “Rules on Complying with Anti-Corruption Laws” and “Standards for Gift-Giving and Entertaining” that specify necessary items for all executives and employees to comply with the Unfair Competition Prevention Act in Japan, Foreign Corrupt Practices Act in the U.S., Bribery Act in the U.K. and other anti-corruption laws when performing their tasks.

In addition, JSR has also formulated “Rules on Antimonopoly Law” (Japan), “Rules on Complying with U.S. Antitrust Laws”, “Rules on Complying with the EU’s Antitrust Laws” and “Rules on Complying with Korean Fair Trade Laws” that specify items necessary for complying with each country’s antimonopoly (antitrust) laws.

Protection of Personal Information

JSR Group recognizes the importance of protecting personal information under the circumstances of highly advanced information and communication technologies. We have therefore formulated a Privacy Policy and Rules for Handling Personal Information that sets out our approach to the acquisition, use, and management of personal information based on the Act on the Protection of Personal Information in Japan. At the same time, we have established Rules for Handling Specific Personal Information in response to the introduction of Japan’s Individual Number system.

Within these rules, in accordance with relevant laws and our privacy policy, we ensure appropriate handling of specific personal information by defining precautions and security standards necessary to ensure the proper use and protection of this information at each of the stages of acquisition, storage, use, provision, disclosure, correction, suspension of use, and deletion.

Furthermore, for Group companies that handle personal data covered by the EU’s General Data Protection Regulation (GDPR), we are providing support for the development and operation of a GDPR compliance system to be applied to the acquisition, processing, and transfer of covered personal data.

Initiatives for Bioethics

JSR Group conducts life science and medical research on human subjects mainly as it relates to the Life Sciences Business. This research fully complies with the laws and regulations of each country where it takes place. JSR and Medical & Biological Laboratories Co., Ltd. (MBL) are both subject to the Ethical Guidelines for Medical and Biological

Research Involving Human Subjects, co-developed by the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare, and the Ministry of Economy, Trade and Industry. Both companies have established internal rules required under these guidelines along with an Ethics Review Committee comprised of internal and external members in order to screen research from ethical and social perspectives. Applicable research is carried out following the research plan deliberated on and approved by this committee. Furthermore, we provide training on bioethics to employees involved in this research to ensure they follow proper research practices.

JSR Group conducts appropriate animal testing compliant with the laws and regulations of each country as part of the process to support the development of pharmaceuticals. Each JSR Group company has established internal rules compliant with these laws and regulations and set up an Animal Testing Committee. These committees administer animal testing appropriately based on rigorous screening from the perspectives of science, animal ethics and animal welfare, including the 3Rs of Replacement, Reduction and Refinement. Moreover, Group company Crown Bioscience International has obtained certification for its sites in the United States and China from AAALAC International, a third-party assessment institution that promotes the humane treatment of animals in science.

Risk Management

Philosophy

JSR Group believes that preventing major crises from occurring and minimizing their impacts on business activities is a key part of management. In response to these issues, the Group has formulated Risk Management Policies and established a Risk Management Committee through which it actively pursues risk management activities.

Risk Management System

JSR Group has established a Risk Management Committee under the Sustainability Promotion Committee. We have put into place a system whereby the Risk Management Committee comprehensively manages important risks that have materialized or could potentially materialize within the Group.

The Risk Management Committee advances the Group's risk management by taking the lead in identifying important risks and supporting the formulation of policies for responding to such risks and the planning and execution of risk management plans by related committees or departments in charge.

For important risks that were identified, the progress of countermeasures is reported to the Sustainability Promotion Committee and the Board of Directors.

We manage risks related to the individual capital investments of each business, strategic investments such as M&A, and business plans through deliberations and decisions made by the Board of Directors and other committees.

The risk management system forms part of the Group's internal control system. The status of the internal control system's execution is reported regularly to the Board of Directors. JSR's Corporate Audit Department continuously verifies and evaluates the preservation and operation of internal control for the entire JSR Group as required by the Companies Act and Financial Instruments and Exchange Act. It also ensures that risk in existing business does not exceed permissible levels. Furthermore, the department additionally strives to maintain and strengthen internal control levels for the entire Group and conducts internal audits to ensure the appropriate and efficient execution of operations.



For details of our risk management structure, see our **Corporate Governance Report**.

https://www.jsr.co.jp/jsr_e/company/assets/pdf/20230704_CG_En.pdf

Identifying Risks and Selecting Important Risks

Under the initiative of the Risk Management Committee, each division of JSR Group companies in and outside of Japan identifies risks on a regular basis. In addition, management holistically understands risks related to management strategy and the foundation of business continuity.

Utilizing a risk map that represents level of business impact and frequency of occurrence, we identify risks that could have a significant impact on business continuity and organize them into JSR Group Risk Factors. We build and maintain a system for prevention of latent risks and crisis preparedness by having senior management monitor and regularly review important risks.



Please refer to the **JSR Sustainability Site** for more details.

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

Information Security Measures

JSR Group endeavors to manage information in an appropriate and secure manner by establishing Information Security Policy and by thoroughly disseminating the policy to its employees. Having established an Information Security Policy, JSR Group is working on the appropriate management of information by making this policy known to all employees. In August 2019, we established the Cybersecurity Management Office as the department in charge. We are working alongside outside experts on information security management including Group companies, employee training and education, and strengthening our response capabilities to cyberattacks or other incidents.

In FY2014, we published the Information Security Handbook so as to further increase employee sensitivity toward information leakage risks and to ensure their actions are in compliance with company rules at all times. We make employees aware of this handbook through our company intranet, e-learning, and workplace discussions.

In FY2022, using a ransomware attack as a scenario, we conducted a cyberattack response drill targeting members of HQ response team, including the President.

Crisis Management

JSR has formulated BCM procedures that summarize the BCM/BCP systems in place for both peacetime and emergency situations. In addition to defining the BCM organization and the actual BCP, which includes stipulations on target recovery times, and BCP activation and cancellation standards, these procedures also set out the organizational structure that takes effect during activations of the BCP, and corresponding priority businesses and operations.

Communication with Stakeholders

Examples of Communication with Stakeholders






Stakeholder	JSR Group's Responsibility	Main Methods / Opportunities for Dialogue
Customers / Business Partners	<ul style="list-style-type: none"> Never cease to challenge changes and evolve, to support the diverse material needs of the ever-changing times. Aim for sustainable improvement of customer satisfaction. Approach all business partners with sincerity, and always continue maintaining fair and equitable business relations. Continue considering the environment and society in supply chains. 	<p>Customers</p> <ul style="list-style-type: none"> Providing information through SDS (safety data sheet), website, etc. Quality Assurance Support Implementation of customer satisfaction surveys Support of CSR surveys from customers Communication through business activities, such as evaluations from customers Received letter of appreciation from the Ministry of Health, Labour and Welfare for MBL's efforts to boost production of COVID-19 antigen test kits <p>Business Partners</p> <ul style="list-style-type: none"> Communication through purchasing activities such as Partner Awards Support of CSR surveys from business partners Distribution of JSR Group Human Rights Policy and CSR Procurement Policy Establishment of supplier hotline
Employees	<ul style="list-style-type: none"> Evaluate each employee based on fair standards. Provide opportunities for employees to constantly challenge themselves. Continue providing opportunities for employees to mutually recognize each others' personalities and diversity, and to flourish together. 	<ul style="list-style-type: none"> Labor-Management council Work interviews/Self-declaration Commendation system Employee awareness survey and employee engagement survey Various training programs (stratified education, technical training, etc.) Activities to promote sustainability and DE&I
Local / Society	<ul style="list-style-type: none"> As a responsible member of local society, continue carrying out business activities that take the environment and safety into consideration (Responsible Care). Continue providing environment-conscious products that support the needs for global environmental conservation, including reduction of local environmental burdens. Make efforts to reduce environmental burdens that are generated from the product lifecycle as a whole, and continue making considerations to the environment and safety. Continue actively contributing to the preservation of biodiversity through business activities. 	<ul style="list-style-type: none"> Community engagement sessions and plant tours Volunteer activities in the community Increased ratio of eco-friendly products Promotion of environmental conservation activities Utilization of green spaces at our plants/research centers
Shareholders / Investors	<ul style="list-style-type: none"> Create business opportunities through materials and aim to expand corporate value. Constantly improve management efficiency. Become a company that is trusted by shareholders, through highly-transparent and robust corporate management. 	<ul style="list-style-type: none"> General Meeting of Shareholders Management Policy Briefing, financial results briefing, individual meetings with investors and analysts Publication of JSR Report (Integrated Report) Publication of corporate governance report Provision of information through websites (IR section and sustainability section of corporate website)



Please refer to the JSR Sustainability Site for more details.
https://www.jsr.co.jp/jsr_e/sustainability/stakeholder/index.shtml

List of Main Evaluations (As of July 1, 2023)

JSR Group's sustainability activities have been highly praised and selected for various ESG indices. We were also awarded a Gold Medal from Ecovadis, which provides environmental and social assessment services in the supply chain.

FTSE Blossom Japan Index	We were selected as an investment brand of the FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index for being a Japanese company with excellent consideration for ESG.	 FTSE Blossom Japan  FTSE Blossom Japan Sector Relative Index
FTSE4Good	Since 2004 we have been selected by FTSE Russell as a constituent of the FTSE4Good Index Series.	 FTSE4Good
MSCI Japan ESG Select Leaders Index and MSCI ESG Leaders Indexes	We were selected for inclusion in the MSCI Japan ESG Select Leaders Index and MSCI ESG Leaders Indexes as a company with excellent response to ESG.	 2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX 2023 MSCI ESG Leaders Indexes Constituent
MSCI Japan Empowering Women Index (WIN)	We were selected by MSCI as an investment brand of the "MSCI Japan Empowering Women Index (WIN)" for being a company with excellent gender diversity.	 2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

In addition, we were selected for inclusion in the S&P/JPX Carbon Efficient Index by the S&P Dow Jones Indices.

* The inclusion of JSR Corporation in MSCI indexes, as well as the use of the MSCI logo, trademark, service mark and index name, does not constitute support, endorsement or promotion of MSCI or any MSCI affiliated company by JSR Corporation. MSCI indexes are the sole property of MSCI. MSCI and all MSCI index names and logos are the trademark or service mark of MSCI and its affiliated companies.

Data Section



Ten-Year Summary

Million yen					Million yen										Thousands of U.S. dollars
JGAAP For the year:	FY2013	FY2014	FY2015	FY2016	IFRS For the year:	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022		
Net sales	¥ 394,309	¥ 404,073	¥ 386,709	¥ 390,599	Revenue	¥ 388,455	¥ 421,930	¥ 495,354	¥ 471,967	¥ 312,000	¥ 340,997	¥ 408,880	\$ 3,062,083		
Costs and expenses	(358,247)	(366,005)	(352,301)	(358,228)	Costs, other income and expenses	(352,512)	(378,360)	(450,093)	(439,083)	(277,767)	(297,237)	(379,510)	(2,842,133)		
Operating profit	36,062	38,068	34,408	32,370	Operating profit (loss)	35,943	43,569	45,261	32,884	34,233	43,760	29,370	219,951		
Interest and dividends income	916	1,390	1,380	1,369	Finance income	3,045	3,659	2,499	1,929	822	3,415	3,523	26,384		
Interest expenses	(142)	(345)	(527)	(699)	Finance costs	(694)	(1,022)	(1,352)	(2,184)	(1,744)	(1,655)	(3,047)	(22,819)		
Profit before income taxes	36,956	41,069	27,367	38,327	Profit (loss) before tax	38,294	46,206	46,408	32,629	33,310	45,521	29,846	223,515		
Profit attributable to owners of parent	25,173	29,919	24,069	30,078	Profit (loss) attributable to owners of parent	30,243	33,230	31,116	22,604	(55,155)	37,303	15,784	118,206		
Capital expenditures	21,499	35,157	24,276	31,785	Capital expenditures	31,377	42,408	35,981	45,880	40,188	41,851	44,218	331,147		
Depreciation	18,096	17,407	18,508	14,676	Depreciation	14,793	16,973	21,790	26,343	19,074	22,482	28,425	212,874		
Year-end financial position					Year-end financial position										
Total assets	501,320	534,592	516,360	576,016	Total assets	578,484	647,699	691,435	677,713	672,773	809,371	715,959	5,361,782		
Long-term loans payable	11,069	20,387	22,249	38,381	Bonds and Borrowings (non-current liabilities)	38,381	53,456	50,777	52,684	81,406	48,737	95,683	716,566		
Total liabilities	164,060	169,918	154,006	199,302	Total liabilities	202,120	236,084	251,075	240,301	302,036	394,631	335,024	2,508,978		
Equity	331,284	358,303	353,145	361,394	Total equity attributable to owners of parent	361,889	393,499	401,998	396,793	333,995	376,011	355,526	2,662,518		
Current ratio (times)	2.5	2.5	2.7	2.5	Current ratio (times)	2.5	2.3	1.97	2.05	1.95	1.52	1.65	1.65		
Return on assets (%)	5.1	5.8	4.6	5.5	Return on assets (%)	5.5	5.4	4.7	3.3	(8.2)	2.1	3.9	3.9		
Return on equity (%)	7.9	8.7	6.8	8.4	Return on equity (%)	8.5	8.8	7.8	5.7	(15.1)	10.5	4.3	4.3		
Equity ratio (%)	66.1	67.0	68.4	62.7	Equity ratio (%)	62.6	60.8	58.1	58.5	49.6	46.5	49.7	49.7		
Per share of common stock (Yen)					Per share of common stock (Yen and U.S. Dollars)										
Profit attributable to owners of parent	¥ 106.10	¥ 128.19	¥ 105.87	¥ 134.43	Profit (loss) attributable to owners of parent	¥ 135.17	¥ 149.32	¥ 140.62	¥ 104.38	¥ (256.73)	¥ 173.49	¥ 75.56	\$ 0.57		
Cash dividends	38.00	40.00	50.00	50.00	Cash dividends	50.00	50.00	60.00	60.00	60.00	70.00	70.00	0.52		
Equity	1,409.06	1,557.08	1,565.45	1,624.14	Equity attributable to owners of parent	1,626.36	1,767.81	1,823.69	1,848.01	1,554.17	1,748.25	1,712.67	12.83		

(Notes) 1. Amounts in U.S. dollars are translated from yen, provided for convenience only, at the exchange rate of 1.00 U.S. dollar = 133.53 Japanese yen; the prevailing rate on March 31, 2023. 2. The Group has adopted International Financial Reporting Standards (IFRS) as from the fiscal year ended March 2018. 3. ROA = Under Japanese GAAP, return on total assets. Under IFRS, return on equity attributable to owners of parent. 4. ROE = Under Japanese GAAP, return on equity. Under IFRS, return on equity attributable to owners of parent. 5. The Elastomers Business has been categorized as a discontinued business from FY2021. Certain data for FY2020 is presented after reclassification.

Main Group Enterprises (As of July 1, 2023)

Head Office

JSR Corporation
Shiodome Sumitomo Bldg. 1-9-2, Higashi-Shimbashi,
Minato-ku, Tokyo 105-8640 Japan

Plants/Business Sites/Laboratories

Yokkaichi Plant
Fine Electronic Materials Development Center
Display Solution Development Center
Edge Device Materials Lab.
100, Kawajiricho, Yokkaichi-shi, Mie 510-8552 Japan

Tsukuba Site/Tsukuba Research Laboratories
25, Miyukigaoka, Tsukuba-shi, Ibaraki 305-0841 Japan

JSR-Keio University Medical and Chemical Innovation
Center
35, Shinanomachi, Shinjuku-ku, Tokyo 160-8582 Japan

JSR Bioscience and informatics R&D center
3-103-9, Tonomachi, Kawasaki-ku, Kawasaki, Kanagawa
210-0821 Japan

JAPAN

Digital Solutions Business

Emulsion Technology Co., Ltd.
Compounding and sales of crude latex

D-MEC Ltd.
3D model generation, analysis by CAE and sales of solid
modeling system and optically hardened resins

JSR Micro Kyushu Co., Ltd.
Production of semiconductor materials and display materials

JSR ARTON Manufacturing Co., Ltd.
Production of ARTON products

Life Sciences Business

MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.
R&D, manufacture and sales of diagnostic and research
reagents and companion diagnostics development service

Crown Bioscience & MBL Co., Ltd.
Provision of non-clinical CRO services, sales of related
products, and non-clinical and clinical examination, analysis
and research

JSR Life Sciences Corporation
Manufacture of life sciences-related materials

Plastics Business

Techno-UMG Co., Ltd.
Production, sales and R&D of ABS resin

JAPAN COLORING CO., LTD.
Coloring and sales of synthetic resins

Other Businesses

JEY-TRANS CO., LTD.
Freight forwarding, warehousing, delivery management

JN System Partners Co., Ltd.
Computer system design, programming, operation and
maintenance

JSR Business Services Co., Ltd.
Human resources, payroll calculation, welfare, general affairs

JSR Logistics & Customer Center Co., Ltd.
Customer service agent and logistics management

JSR Active Innovation Fund, LLC
Investment for start-ups and support for developing
investees' businesses

Overseas

Digital Solutions Business

EUV Resist Manufacturing & Qualification Center N.V.
Production of EUV photoresists for semiconductors

Inpria Corporation
Development and production of EUV metal resist

JSR Electronic Materials Korea Co., Ltd.
Sales agency of products such as semiconductor materials

JSR Electronic Materials Singapore Pte. Ltd.
Sales agency of semiconductor materials

JSR Electronic Materials (Shanghai) Co., Ltd.
Sale, research and development of electronic materials

JSR Electronic Materials Taiwan Co., Ltd.
Sales activities for electronic materials, research and
development

JSR Micro (Changshu) Co., Ltd.
Production of display materials

JSR Micro, Inc.
Production and sales of semiconductor materials

JSR Micro Korea Co., Ltd.
Design, development, production and sales of display materials

JSR Micro N.V.
Production and sales of semiconductor materials and life
sciences-related materials

JSR Micro Taiwan Co., Ltd.
Design, development, production and sales of display materials

JSR North America Holdings, Inc.
Management and oversight of JSR's North America
operations and management of the Life Sciences Business

JSR (Shanghai) Co., Ltd.
Sales agency of products such as LCD materials and
performance chemicals

Life Sciences Business

Crown Bioscience International
Efficacy testing services for candidates of drugs against
oncology, inflammation, cardiovascular and metabolic
disease and development of antibodies for those diseases

JSR Life Sciences, LLC
JSR Life Sciences global business headquarters and
distribution of life sciences products in the North America region

JSR Micro N.V.
Production and sales of semiconductor materials and life
sciences related materials

JSR North America Holdings, Inc.
Management and oversight of JSR's North America
operations and management of the Life Sciences Business

KBI Biopharma BVBA
Contract analysis services in Europe

KBI Biopharma, Inc.
Analysis of biopharmaceutical development, process
development and contract manufacturing

KBI Biopharma, SA
Contract development and manufacturing of
biopharmaceuticals for mammals, clinical research, and
commercial applications

MBL Beijing Biotech Co., Ltd.
Manufacture of in vitro diagnostic raw material platforms and
provider of complete project solutions for in vitro diagnostic
industry

MBL International Corporation
Development, manufacturing and sales of solutions-based
products for both life science research and clinical diagnostics

MBL Shenzhen Biotech Co., Ltd.
Development, manufacture, and sale of diagnostic reagents
and their raw materials

Selexis SA
Cell-line development services

Plastics Business

Techno-UMG America, Inc.
Sales of plastics, technical services related to plastics in
North America

Techno-UMG Asia Co., Ltd.
Sales and technical services of synthetic resin in ASEAN region

Techno-UMG Europe GmbH
Sales and technical services of synthetic resin in Europe

Techno-UMG Guangzhou Co., Ltd.
Sales and technical services of synthetic resin in Guangzhou
and neighboring regions

Techno-UMG Hong Kong Co., Ltd.
Sales and technical services of synthetic resin in Hong Kong
and neighboring regions

Techno-UMG Shanghai Co., Ltd.
Sales and technical services of synthetic resin in China

Corporate Data (As of March 31, 2023)

JSR Corporation

JSR Corporation Established December 10, 1957	Capital (Common Stock) 23,370 million yen
Employees 7,994	Closing date JSR books are closed on March 31 each year.

Shareholders Information

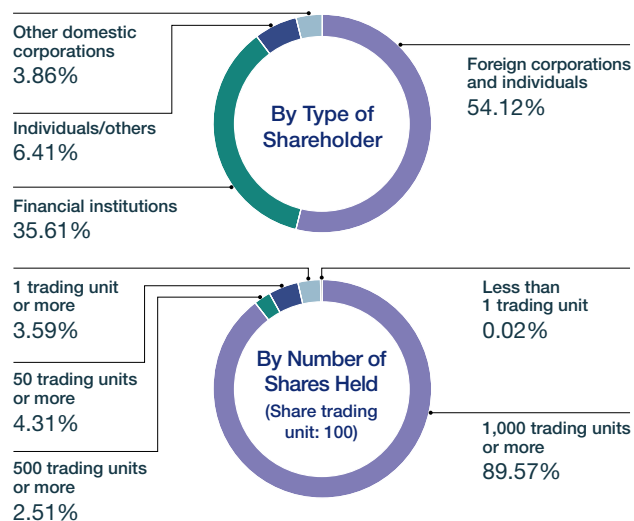
Stock Listing Tokyo Stock Exchange	Number of Shareholders 17,294
Number of Shares Issued 208,400,000 shares	

Major Shareholders

Name of Shareholder	% of shares held/voting rights	Number of shares held (thousands)
The Master Trust Bank of Japan, Ltd. (trust account)	16.00	33,222
SSBTC CLIENT OMNIBUS ACCOUNT BRITISH VIRGIN ISLANDS/U.K.	9.00	18,687
SSBTC CLIENT OMNIBUS ACCOUNT	6.99	14,514
Custody Bank of Japan, Ltd. (trust account)	5.13	10,650
JP MORGAN CHASE BANK 385632	3.62	7,505
STATE STREET BANK AND TRUST COMPANY 510312	2.63	5,454
MSCO CUSTOMER SECURITIES	2.52	5,238
STATE STREET BANK AND TRUST COMPANY 510311	2.22	4,610
ML PRO SEGREGATION ACCOUNT	2.01	4,164
Nippon Life Insurance Company	1.79	3,717

Composition of Shareholders

	Shareholder	Shares held (thousands)
Individuals and others	16,343	13,310
Foreign corporations and individuals	638	112,329
Other domestic corporations	208	8,021
Financial institutions	104	73,925
Treasury stock	1	814
Total	17,294	208,400



Ordinary General Meeting of Shareholders

The annual General Meeting of Shareholders is held in June each year. The 2022 annual General Meeting was held on June 16, 2023.

Transfer Agent and Register

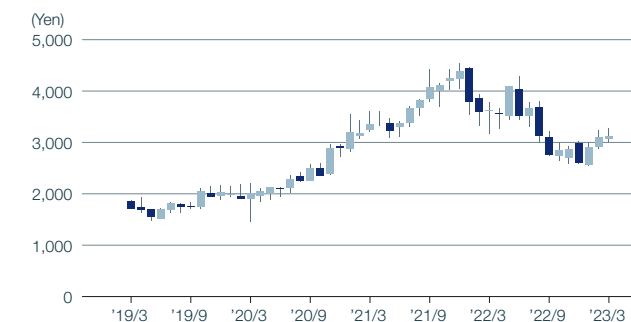
SUMITOMO MITSUI TRUST BANK, LIMITED

Independent Auditors

KPMG AZSA LLC

Common Stock Price Range (Yen/share: Tokyo Stock Exchange)

		1st Q	2nd Q	3rd Q	4th Q
FY2011	High	1,724	1,655	1,582	1,790
	Low	1,413	1,221	1,218	1,408
FY2012	High	1,695	1,455	1,644	1,994
	Low	1,255	1,274	1,224	1,670
FY2013	High	2,360	2,073	2,049	2,085
	Low	1,748	1,713	1,663	1,694
FY2014	High	1,933	1,975	2,229	2,205
	Low	1,622	1,681	1,711	1,893
FY2015	High	2,296	2,227	2,054	1,903
	Low	1,998	1,626	1,688	1,455
FY2016	High	1,682	1,635	1,872	2,115
	Low	1,292	1,287	1,437	1,835
FY2017	High	2,082	2,177	2,320	2,758
	Low	1,794	1,871	2,035	2,215
FY2018	High	2,425	2,229	2,177	1,909
	Low	1,803	1,824	1,530	1,526
FY2019	High	1,914	1,836	2,165	2,196
	Low	1,475	1,621	1,699	1,452
FY2020	High	2,127	2,557	2,959	3,600
	Low	1,840	2,004	2,346	2,809
FY2021	High	3,595	4,425	4,530	4,465
	Low	3,080	3,290	3,680	3,150
FY2022	High	4,285	3,210	3,010	3,280
	Low	3,430	2,727	2,566	3,010



*1 The numbers in the columns under "Number of shares held" are rounded to thousands of shares. *2 The Company holds 814,227 shares of treasury stock.

*3 The shareholding ratio is calculated by using 207,585,773 shares (calculated by deducting number of treasury shares from total number of issued shares 208,400,000 shares)

*4 The Company acquired 7,680,000 shares of treasury stock pursuant to the resolution passed by the Board of Directors at its meeting on April 25, 2022.

*5 The Company cancelled 17,726,145 shares of treasury stock on August 15, 2022 pursuant to the resolution passed by the Board of Directors at its meeting on August 1, 2022.

Management's Discussion and Analysis

Analysis of Operating Results

Overview of Operating Results for FY2022

In the FY2022, although restrictions on economic activities caused by COVID-19 were eased in many countries, skyrocketing resource prices sparked by the Russian invasion of Ukraine, worsening raw material and component shortages, and suppressed demand due to inflation mainly in the United States, have increased the uncertainty of the outlook for the global economy. As for the exchange rate, the yen depreciated against the dollar year-on-year. As for trends among the Group's main customer industries, the semiconductor market is expected to expand in the medium to long term for both memory and logic semiconductors due to growth in demand for 5th generation mobile communication systems (5G), PCs and data centers. On the other hand, at present, growth is slowing due to factors such as excess inventory and falling prices in the memory market. The flat-panel display market has continued to be sluggish due to the backlash from demand for nest eggs, resulting thanks to the promotion of telework and other factors. However, there are signs of a gradual recovery after bottoming out in the second quarter of the consolidated fiscal year due to the optimization of inventory levels. The biopharmaceutical market continued to see strong growth. Global automobile production has been on a gradual recovery track since the fourth quarter of the fiscal year, despite soft demand due to automakers' production cuts caused by semiconductor shortages and the lockdown in China.

To push its business forward amid these circumstances, JSR Group has been strengthening its business structure and management framework to realize a corporate structure imbued with sustainability and resilience, in line with the management policy for FY2024, and actively investing in R&D and businesses. As part of this, the Group has focused resources on medium and long-term growth in the Digital Solutions Business and Life Sciences Business, which are positioned as core businesses. In the Digital Solutions Business, which is focused on the Semiconductor Materials Business, we established a local subsidiary in China aimed at strengthening our Electronic Materials Business activities in the Asian market, increasing customer satisfaction, and providing the prompt delivery of services. In Korea, we finalized the acquisition of a sales agent for our Electronic Materials Business as a wholly owned subsidiary. In product development, we newly developed and launched packaging materials in response to the 5th generation (5G) and 6th generation (6G) mobile communication systems and the full-fledged adoption of autonomous driving. The Group will further clarify the selection and concentration of our businesses and build a resilient business foundation by aggressively investing in EUV photoresists and metal oxide resists, as well as by reviewing cost structures and promoting efficiency. In the Life Sciences Business, the Group advanced initiatives to launch a new plant and strengthen the profitability of the CDMO business (contract development and manufacturing of biopharmaceuticals) in Europe and the U.S. by Group

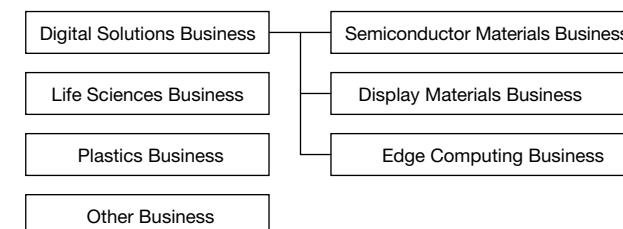
company KBI Biopharma, Inc. Also, in the provision and analysis of clinical biospecimens by Crown Bioscience International (Crown Bioscience), we acquired Indivumed Services GmbH & Co. KG's IndivuServ Business Segment, an industry leader, and established Crown Bioscience & MBL to further expand preclinical services in Japan. We, therefore, ensured that measures for future business expansion were implemented.

As a result, the Group's business results posted revenue of 408,880 million yen (up 19.9% year-on-year), a year-on-year increase in revenue. Core operating profit amounted to 34,025 million yen, down 21.4% year-on-year. Operating profit amounted to 29,370 million yen (down 32.9% year-on-year). Total profit attributable to owners of parent amounted to 15,784 million yen (down 57.7% year-on-year).

Business Segment Overview

The JSR Group's business is classified into three reportable segments: Digital Solutions, Life Sciences, and Plastics. The reportable segments are positioned as shown below.

Positioning of Reportable Segments



Digital Solutions Business Segment

The Digital Solutions Business segment experienced an increase in revenue but suffered a decrease in profit compared to the previous fiscal year.

In the Semiconductor Materials Business, sales of cutting-edge photoresists were particularly strong due, in part, to advanced device launches by major customers, in addition to the impact of a weaker yen. In addition, smooth product launches were achieved for processing materials destined for major customers. In Asian markets, the Group established local subsidiaries in Taiwan and China aimed at strengthening its Electronic Materials Business activities, increasing customer satisfaction, and providing the prompt delivery of services. In Korea, a sales agent for our Electronic Materials Business became a wholly owned subsidiary. In product development, we newly developed and launched packaging materials in response to the 5th generation (5G) and 6th generation (6G) mobile communication systems and the full-fledged adoption of autonomous driving. On the other hand, both memory and logic semiconductor materials have experienced a slowdown in growth from the third quarter to the current quarter due to factors such as excess inventory and a decline in prices in the memory market. As for cleaning solutions, the business scale was significantly scaled down due to lower sales at our U.S. plant caused by declining demand. As a result, overall revenue increased from the previous fiscal year, while core operating profit was lower than in the previous fiscal year.

The Display Materials Business advanced sales,

focusing on competitive products in the China market, where continued growth is expected, such as alignment films and insulating films for wide-screen TV LCD panels, a focus point of the business. However, sales decreased due to significant inventory adjustments by panel makers. As a result of the above, overall revenue and core operating profit were lower than the previous fiscal year.

The Edge Computing Business suffered revenue and profit declines because of a sales decrease in near infrared (NIR) filters caused by the sluggish smartphone market and other factors.

As a result, the Digital Solutions Business segment posted a core operating profit of 27,790 million yen (down 28.7% year-on-year) on revenue of 170,439 million yen (up 3.3% year-on-year).

Life Sciences Business Segment

In the Life Sciences Business, overall revenue increased over the previous fiscal year mainly due to expanded sales in the CDMO business and contract research organization (CRO) business, strong performance in the diagnostics business, and the depreciation of the yen. Core operating profit increased over the previous fiscal year due to strong sales of COVID-19 virus antigen test kits at Medical & Biological Laboratories Co., Ltd. (MBL), despite increased expenses associated with the start-up of a new plant at the Group's KBI Biopharma, Inc., which is engaged in the CDMO business.

As a result, the Life Sciences Business segment posted a core operating profit of 8,450 million yen (up

166.7% year-on-year) on revenue of 126,478 million yen (up 74.6% year-on-year).

Plastics Business Segment

In the Plastics Business, sales volume was down from the previous fiscal year due to soft market conditions in the automotive industry, home appliances and electronics, etc. However, overall revenue increased from the previous fiscal year on the back of higher sales unit prices. Core operating profit decreased from the previous fiscal year due to a decline in sales volume.

As a result, the Plastics Business segment posted a core operating profit of 1,853 million yen (down 65.2% year on-year) on revenue of 95,802 million yen (up 5.7% year-on-year).

Business Outlook

Uncertainties are anticipated to continue in the consolidated FY ending March 2024, including changes in the international situation driven by geopolitical fluctuations, heightened tensions around the Ukraine situation, decoupling between the U.S. and China, suppressed demand in countries around the world due to broad price increases, and the impact on exchange rates of interest rate policies in various countries.

In the current situation, the semiconductor market, JSR's primary customer market, is experiencing a temporary operating adjustment, but is expected to be sustained by digital infrastructure demand and see growth over the long term as an essential industry for society.

Furthermore, the solid demand forecasts over the

medium-to-long term for the life sciences field remain unchanged. In the global automobile market, the Plastics Business's main customer market, the recovery trend in automobile production is predicted to continue.

Amid these business conditions, JSR will continue proactive R&D and business investments in the growing Semiconductor Materials Business and Life Sciences Business toward further strengthening of its business structure and management framework in order to build an organizational structure having both resilience and sustainability.

Analysis of Financial Position

Overview of Financial Position for FY2022

Total assets as of March 31, 2023 amounted to 715,959 million yen, down 93,412 million yen from a year earlier. This was mainly due to a decrease in assets related to the disposal group classified as held for sale in connection with the transfer of the Elastomers Business.

Liabilities amounted to 335,024 million yen, down 59,607 million yen from the previous fiscal year, mainly due to a decrease in liabilities related to the disposal group classified as held for sale following the transfer of the Elastomers Business.

Equity amounted to 380,935 million yen, down 33,804 million yen from the previous fiscal year, mainly due to the repurchase and cancellation of treasury stock and the payment of dividends.

Overview of Cash Flows for FY ended March 2023

Cash and cash equivalents ("funds") as of March 31,

2023 stood at 72,640 million yen, up 27,073 million yen from a year earlier.

Net cash provided by operating activities amounted to 29,270 million yen (18,271 million yen in the previous fiscal year). The main item was a profit before tax of 29,846 million yen.

Net cash used in investing activities totaled 4,046 million yen (63,117 million yen in the previous fiscal year). The main items were 31,202 million yen in payments for the purchase of property, plant and equipment, 23,116 million yen in payments for the purchase of shares of subsidiaries resulting in change in scope of consolidation, 51,160 million yen in proceeds from sale of investments in subsidiaries accompanied by a change in scope of consolidation.

Net cash provided by financing activities totaled 15,203 million yen (22,994 million yen in the previous fiscal year). The main items were 30,137 million yen for the purchase of treasury stock, 14,791 million yen in cash dividends paid, and 26,768 million yen in proceeds from long-term borrowings.

The Group formulates a funding plan based on the annual business plan and controls liquidity risk in consideration of an appropriate balance of direct and indirect funding, as well as short-term and long-term funding.

Financing and Capital Liquidity

The Group's need for capital includes working capital such as raw material costs; overhead costs; selling, general and administrative expenses; capital investment, business investment including M&As; and

repayment of interest-bearing debt related to manufacturing and sales. The Group meets such needs for capital mainly from operating cash flows and by borrowing from financial institutions, and the issuance of commercial paper and bonds.

The Group formulates a financial plan based on the annual business plan, and manages liquidity risks by ensuring an appropriate balance between direct and indirect financing and between short-term and long-term financing to prepare for these risks, while considering business expansion and enhancement of the financial position.

The Group registered for the issuance of up to 100 billion yen in corporate bonds and established a commercial paper issuance facility of up to 40 billion yen, to further diversify our methods for raising capital.

We are also introducing a cash management system for the purpose of efficient use of capital, and are seeking to centralize capital procurement and management within the Group.

Basic Approach to the Selection of Accounting Standards

JSR Group has voluntarily adopted International Financial Reporting Standards (IFRS) starting from FY ended March 2018 to improve convenience and the international comparability of financial information in the capital market.

Significant accounting policies, accounting estimates, and assumptions used in making such estimates adopted in the JSR Group's consolidated

financial statements are described in “5. Accounting Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements Notes to Consolidated Financial Statements, 4. Significant Accounting Policies, 5. Judgments Involving Significant Accounting Estimates and Estimates.”

Basic Policy on Profit Allocation and Dividends for FY ended March 31, 2023

With respect to profit appropriation, the Company regards business growth over the long term as its top priority. To generate sustainable long-term growth, JSR strives to increase its competitiveness by developing new businesses through the reinforcement of research and development activities. The Company determines returns to shareholders by taking into account business performance and medium-term and long-term demand for funds, while giving consideration to a balance between returning profits to shareholders and retaining earnings necessary for future business advancement. The Company paid a year-end dividend of 35.00 yen per share in the interest of continuing stable dividends. Including the interim dividend already paid, the total annual dividend for FY ended March 2023 was 70.00 yen per share.

JSR Group Business and Other Risks

JSR Group is exposed to the following risks that may impact on operating results, financial position, cash flows, and other aspects of its business performance.

Forward-looking statements are based on the

Group's judgments as of March 31, 2023, and the Group's business and other risks are not limited to the following matters.

Geopolitical Risks

Damage to manufacturing facilities, prolonged suspension of production activities, logistical impediments, or raw material procurement impediments, and harm to our employees' lives or property due to terrorism, war, or international trade restrictions (on raw materials, products, or information) could adversely affect JSR Group's operating results.

Natural Disasters and Accidents

Constraints on economic activity caused by a major natural disaster or an accident at a manufacturing facility that damages a manufacturing facility or disrupts production could adversely affect JSR Group's operating results.

Product Liability and Defect Warranty Liability

Bodily injury or property damage to others caused by a product manufactured by the JSR Group, or conducts a recall due to poor quality, could adversely affect JSR Group's operating results.

Significant Violations of Law

In the event of a failure to comply with various laws and regulations involving business and investment permits, import and export activities, trade, labor relations, intellectual property, taxes, foreign exchange, and other

matters in the countries where the JSR Group operates, or if a law or regulation becomes stricter or is significantly altered, it could lead to limitations to the Group's business activities or additional compliance costs. Any of these events could adversely affect the JSR Group's operating results.

Human Rights Issues

If any human rights issues arise due to harassment, discrimination, or harsh labor practices against employees, this could lead to a loss of public trust, which could impede the JSR Group's business activities, among other things.

Information Systems and Information Management

Unauthorized access due to cyber attacks, malicious or grossly negligent actions by employees or others, power outages, disasters, or other events, may result in the falsification or destruction of data, leakage of personal information, failure of information systems, which could, in turn, impede the JSR Group's business activities.

Fluctuations in Material and Resource Prices

Fluctuations in market conditions due to geopolitical risks, inflation, supply and demand balance, and other factors may cause fluctuations in raw material and resource procurement prices and could adversely affect the JSR Group's operating results.

Intellectual Property Disputes

Disputes over intellectual property with other companies,

infringements on JSR's intellectual property, or lawsuits against us by other companies could occur.

Fluctuations in Demand Due to Economic Trends

As a result of the impact of economic conditions in various countries or regions, industry demand in which JSR Group's products are sold, such as in automobiles and electronics markets, may decline and could adversely affect JSR Group's operating results.

Pandemic Outbreaks

If an infectious disease pandemic were to break out, economic activities were to be restricted, a temporary closure or reduced operation of offices and factories were to occur, it could adversely affect the JSR Group's business results.

Changing Technology Trends

If the development of new products or businesses is delayed in response to changes in technology trends, it could prevent the timely sales of new products and adversely affect JSR Group's operating results.

Impediments to Procurement of Raw Materials

An interruption in the supply of raw materials due to an accident at a raw materials manufacturer or a supply stoppage due to quality issues or bankruptcy, labor disputes, human rights issues, wars, terrorism, etc., could impede production activities and adversely affect JSR Group's operating results.

Logistical Impediments

If logistics impediments arise due to disasters, accidents, stricter regulations, or trade restrictions, it could adversely affect JSR Group's operating results.

Human Resource Outflow, Difficulty in Acquisition

If problems such as production stoppages or a decline in technology due to an outflow of human resources or difficulty in acquiring them arise, it could adversely affect JSR Group's operating results.

Climate Change Risks

If policies toward a decarbonized society are strengthened in countries and regions related to climate change risks, or if laws and regulations related to carbon emissions are revised or newly enacted at an unexpectedly rapid pace, the Group's sales capacity and reputation may decline due to delays in responding to customers and it could adversely affect JSR Group's operating results.

Consolidated Financial Statements

Consolidated Statement of Financial Position

Million yen

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	¥ 45,567	¥ 72,640
Trade and other receivables	76,106	78,825
Inventories	104,934	118,437
Other financial assets	1,289	2,657
Other current assets	17,807	26,716
Subtotal	245,704	299,275
Assets related to disposal group classified as held for sale	191,298	—
Total current assets	437,002	299,275
Non-current assets		
Property, plant and equipment	159,539	169,621
Goodwill	117,640	147,874
Other intangible assets	24,571	34,202
Investments accounted for using equity method	2,984	2,479
Retirement benefit asset	5,192	5,674
Other financial assets	31,408	33,157
Other non-current assets	2,830	3,438
Deferred tax assets	28,205	20,240
Total non-current assets	372,369	416,684
Total assets	¥ 809,371	¥ 715,959

Million yen

	As of March 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	¥ 63,548	¥ 79,627
Contract liabilities	12,824	22,407
Bonds and borrowings	69,170	62,510
Income taxes payable	13,479	3,046
Provisions	2,718	1,474
Other financial liabilities	3,489	3,243
Other current liabilities	7,461	9,454
Subtotal	172,689	181,761
Liabilities related to disposal group classified as held for sale	115,576	—
Total current liabilities	288,265	181,761
Non-current liabilities		
Contract liabilities	11,582	5,062
Bonds and borrowings	48,737	95,683
Retirement benefit liability	10,278	10,485
Provisions	8,033	7,423
Other financial liabilities	17,795	23,514
Other non-current liabilities	4,809	4,373
Deferred tax liabilities	5,133	6,724
Total non-current liabilities	106,366	153,263
Total liabilities	394,631	335,024
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	11,799	6,637
Retained earnings	333,335	288,919
Treasury shares	(18,874)	(2,109)
Other components of equity	26,381	38,709
Total equity attributable to owners of parent	376,011	355,526
Non-controlling interests	38,728	25,409
Total equity	414,739	380,935
Total liabilities and equity	¥ 809,371	¥ 715,959

Consolidated Statement of Profit or Loss

Million yen

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Continuing operations		
Revenue	¥ 340,997	¥ 408,880
Cost of sales	(214,937)	(265,792)
Gross profit	126,060	143,088
Selling, general and administrative expenses	(87,330)	(109,847)
Other operating income	10,819	7,071
Other operating expenses	(5,952)	(11,029)
Share of profit (loss) of investments accounted for using equity method	163	87
Operating profit	43,760	29,370
Finance income	3,415	3,523
Finance costs	(1,655)	(3,047)
Profit before tax	45,521	29,846
Income tax expense	(8,370)	(13,427)
Profit from continuing operations	37,151	16,419
Discontinued operations		
Profit from discontinued operations	2,289	—
Profit	39,440	16,419
Profit attributable to:		
Owners of parent	37,303	15,784
Non-controlling interests	2,136	634
Total	39,440	16,419

yen

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Earnings per share		
Basic earnings per share	¥ 173.49	¥ 75.56
Continuing operations	162.52	75.56
Discontinued operations	10.97	—
Diluted earnings per share	173.26	75.47
Continuing operations	162.30	75.47
Discontinued operations	10.96	—

Consolidated Statement of Comprehensive Income

Million yen

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	¥ 39,440	¥ 16,419
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,141	(118)
Remeasurements of defined benefit plans	281	734
Share of other comprehensive income of investments accounted for using equity method	(2)	—
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	34	5
Exchange differences on translation of foreign operations	17,573	12,035
Share of other comprehensive income of investments accounted for using equity method	640	414
Total other comprehensive income, net of tax	19,665	13,071
Total comprehensive income	59,105	29,489
Comprehensive income attributable to:		
Owners of parent	56,124	28,479
Non-controlling interests	2,981	1,010
Total	59,105	29,489

Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022

Million yen

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2021	¥ 23,370	¥ 11,562	¥ 302,916	¥ (19,202)	¥ 15,348	¥ 333,995	¥ 36,741	¥ 370,736
Profit			37,303			37,303	2,136	39,440
Other comprehensive income					18,821	18,821	845	19,665
Total comprehensive income	–	–	37,303	–	18,821	56,124	2,981	59,105
Share-based payment transactions		226		248	(32)	441		441
Dividends			(13,975)			(13,975)	(1,127)	(15,102)
Purchase and disposal of treasury shares		(17)		79		63		63
Transfer from other components of equity to retained earnings			7,663		(7,663)	–		–
Proceeds from sale of shares of subsidiaries		34				34	133	167
Changes in non-controlling interests						–		–
Other		(6)	(573)		(92)	(671)		(671)
Total transactions with owners, etc.	–	237	(6,884)	327	(7,788)	(14,108)	(994)	(15,102)
Balance at March 31, 2022	¥ 23,370	¥ 11,799	¥ 333,335	¥ (18,874)	¥ 26,381	¥ 376,011	¥ 38,728	¥ 414,739

Fiscal year ended March 31, 2023

Million yen

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2022	¥ 23,370	¥ 11,799	¥ 333,335	¥ (18,874)	¥ 26,381	¥ 376,011	¥ 38,728	¥ 414,739
Profit			15,784			15,784	634	16,419
Other comprehensive income					12,695	12,695	376	13,071
Total comprehensive income	–	–	15,784	–	12,695	28,479	1,010	29,489
Share-based payment transactions		408		371	(0)	779		779
Dividends			(14,793)			(14,793)	(800)	(15,593)
Purchase and disposal of treasury shares		(549)	(45,913)	16,394		(30,067)		(30,067)
Transfer from other components of equity to retained earnings			477		(477)	–		–
Proceeds from sale of shares of subsidiaries						–	(13,518)	(13,518)
Changes in non-controlling interests		(5,021)			111	(4,911)	(11)	(4,922)
Other			28			28		28
Total transactions with owners, etc.	–	(5,162)	(60,200)	16,765	(367)	(48,964)	(14,329)	(63,294)
Balance at March 31, 2023	¥ 23,370	¥ 6,637	¥ 288,919	¥ (2,109)	¥ 38,709	¥ 355,526	¥ 25,409	¥ 380,935

Consolidated Statement of Cash Flows

Million yen

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	¥ 45,521	¥ 29,846
Profit before tax from discontinued operations	3,371	—
Depreciation and amortization	22,482	28,425
Interest and dividend income	(1,782)	(785)
Interest expenses	2,535	3,047
Share of loss (profit) of investments accounted for using equity method	(163)	(87)
Impairment losses	5,650	7,801
Loss (gain) on step acquisition	(7,467)	(3,429)
Decrease (increase) in trade and other receivables	(12,532)	2,274
Decrease (increase) in inventories	(46,454)	(4,761)
Increase in trade and other payables	10,066	(5,895)
Other	8,884	(563)
Dividends received	1,801	474
Interest received	367	349
Interest paid	(2,300)	(3,420)
Income taxes refund (paid)	(11,706)	(24,005)
Net cash provided by (used in) operating activities	18,271	29,270
Cash flows from investing activities		
Net decrease in time deposits	397	(1,211)
Purchase of property, plant and equipment	(47,614)	(31,202)
Proceeds from sale of property, plant and equipment	778	2,445
Purchase of investments	(1,652)	(1,745)
Proceeds from sale of investments	17,203	1,124
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(47,348)	(23,116)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	51,160
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(45)	—
Proceeds from sale of investments in associates	15,224	—
Payments for loans receivable	(471)	(1,792)
Collection of loans receivable	811	16
Other	(400)	276
Net cash provided by (used in) investing activities	¥ (63,117)	¥ (4,046)

Million yen

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	¥ 39,338	¥ (13,183)
Net increase in commercial papers	10,003	9,995
Repayments of long-term borrowings	(15,338)	(9,543)
Proceeds from long-term borrowings	7,863	26,768
Proceeds from issuance of bonds	—	24,872
Purchase of treasury shares	(4)	(30,137)
Dividends paid	(13,972)	(14,791)
Dividends paid to non-controlling interests	(1,127)	(781)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(4,922)
Proceeds from sale of investments in subsidiaries not resulting in change in scope of consolidation	160	—
Repayments of lease liabilities	(4,348)	(3,744)
Other	419	262
Net cash provided by (used in) financing activities	22,994	(15,203)
Effect of exchange rate changes on cash and cash equivalents	(1,534)	628
Net increase (decrease) in cash and cash equivalents	(23,386)	10,649
Cash and cash equivalents at beginning of period	85,377	45,567
Cash and cash equivalents included in assets associated with disposal groups classified as held for sale	(16,424)	16,424
Cash and cash equivalents at end of period	¥ 45,567	¥ 72,640