(TSE Code 4185)
May 28, 2021

Dear Shareholders,

Notice of Convening of the 76th Ordinary General Meeting of Shareholders

of

JSR Corporation

We are pleased to announce the convening of the 76th Ordinary General Meeting of Shareholders of JSR Corporation ("the Meeting") as detailed below:

If you are unable to attend the Meeting in person, please exercise your voting rights by returning the ballot form or by electromagnetic transmission (Internet, etc.) in accordance with the guide on the page 110 after reviewing the "Reference Materials for the General Meeting of Shareholders" attached hereto and indicating your approval or disapproval for each agenda item.

Sincerely,

Nobuo Kawahashi
Representative Director,
President and COO
JSR Corporation
1-9-2, Higashi-Shimbashi
Minato-ku, Tokyo

1. **Date and Time** June 17, 2021 (Thursday) 10:00 a.m. (Reception from 9:00 a.m.)
2. **Venue** Conrad Tokyo
Annex 2F, "Kazanami"
1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo, Japan
3. **Agenda**

Matters to be Reported

1. Business Report, Consolidated Financial Statements for the 76th Fiscal Term (from April 1, 2020 to March 31, 2021) and Audit Report thereon by the Accounting Auditors and the Audit & Supervisory Board /
2. Non-Consolidated Financial Statements for the 76th Fiscal Term (from April 1, 2020 to March 31, 2021)

Matters to be Resolved

Proposal 1.	Appropriation of surplus
Proposal 2.	Election of nine (9) Directors
Proposal 3.	Election of one (1) Audit & Supervisory Board Member
Proposal 4.	Election of two (2) Substitute Audit & Supervisory Board Members
Proposal 5	Determining amount of remuneration of performance-related stock remuneration for Directors
Proposal 6	Revision of the maximum amount of remuneration, maximum number of shares and transfer restricted period for granting restricted stock shares to Directors
Proposal 7	Approval of Absorption-type Company Split Agreement

4. **Matters related to exercising your voting rights**

(1) Participating in the Meeting in person:

Please hand over the ballot form attached hereto at the reception.

(2) By Post:

Please return the ballot form attached hereto after indicating your approval or disapproval so that your ballot reaches us by 5:45 p.m. on Wednesday, June 16, 2021 (Japan Time).

(3) Voting via electromagnetic transmission (Internet, etc.):

Please exercise your voting rights via Internet by accessing our web sites for online voting by 5:45 p.m. on Wednesday, June 16, 2021 (Japan Time) after reviewing the "Guidance for Online Voting via Internet" on page 110 (of this translation).

Please note, however, that the above web sites for online voting are only available in the Japanese language.

(4) Exercising your voting rights in duplicate:

i) If you exercise your voting rights in duplicate by post and via electromagnetic transmission (Internet, etc.), we will treat the voting made via electromagnetic transmission (Internet, etc.) as the effective one.

ii) If you exercise your voting rights via electromagnetic transmission (Internet, etc.) more than once, we will treat the last vote as the effective one.

(5) Voting by Proxy:

If you would like to exercise your voting rights by proxy, please assign another shareholder of the Company as your proxy and make such proxy submit to the Company a certificate evidencing the power to vote on your behalf.

(6) Use of Electronic Proxy Voting Platform:

If you are a shareholder among institutional investors, you may be able to exercise your voting rights through the Electronic Proxy Voting Platform operated by ICJ Inc. for its participants as a way to exercise your voting rights.

5. **Special Remarks to Shareholders on the Meeting in relation to the spread of COVID-19**

(1) Information and requests to shareholders

The Company will convene the Meeting, in light of the worldwide spread of COVID-19 infection, after implementing appropriate measures to prevent the spread of infection.

You are kindly requested to be fully aware of the status of infection in Japan on the day of the Meeting, guidelines /requests from the national and/or prefectural governments for outings, and your own health conditions.

Under the current circumstances, we would appreciate it very much if you could put the highest priority to avoid the risk of infection when you consider as to how to exercise your voting rights, which includes, for instance, the options of refraining from attending the Meeting in person and indicating your intention by returning the ballot form by mail or voting through internet.

Please kindly check your physical condition and wear a mask at the venue to prevent infection to yourself and to other fellow shareholders. We also appreciate your kind understanding and cooperation with various measures to be taken by the Company in order to prevent infections at the Meeting.

Information on the Company's response to COVIE-19 is available on its website (https://www.jsr.co.jp/jsr_e/).

(2) Measures to be taken by the Company to prevent infection

We would like to take the following measures to prevent the spread of infection among shareholders present at the Meeting in person. We would highly appreciate your kind understanding and cooperation.

- ✓ In order to minimize the risk of infection, we will not provide shareholders who attends the Meeting in person with small confectionery package and drinks, which we have been providing as a token of our gratitude.
- ✓ At the reception desk, we will disinfect your fingers with alcohol, ask you to wear a mask when you enter the venue, and take other measures the Company deems necessary to prevent infection.
- ✓ If you have a fever, cough, or are not feeling well, please do not hesitate to give up attending the Meeting in person. If you did appear to be ill or to have a fever, our management staff might ask you to refrain from entering.
- ✓ At the venue, the seats will be arranged at intervals to keep necessary distances, and the proceedings will be carried out promptly.
- ✓ All members of the board and management staff supporting the Meeting will take a body temperature and check their physical conditions on the morning of the Meeting, and will wear a mask respectively. Please note, however, that the chairman of the Meeting and other directors will take off masks when they speak at the Meeting.

(3) In the event of major changes in future

If there is a major change in the management of the Meeting due to material changes in circumstances in future, the Company will inform you on the following website.

https://www.jsr.co.jp/jsr_e/ir/library/shareholder.html

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Notice

Should it become necessary to correct the information contained in the “Reference Materials for the General Meeting of Shareholders”, “Business Report”, “Non-Consolidated Financial Statements” and/or “Consolidated Financial Statements”, we will post the correction on our web site (https://www.jsr.co.jp/jsr_e/ir/library/shareholder.html)

Please note that this is the English translation of the original “Reference Materials for the General Meeting of Shareholders” which are written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

Reference Materials for the 76th Ordinary General Meeting of Shareholders of JSR Corporation (“the Meeting”)

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Agenda and Reference Materials

Proposal 1. Appropriation of surplus

The Company considers it vitally important to improve corporate performance on a long-term basis by strengthening its research and development activities from a long-term viewpoint and enhancing competitiveness through development of new businesses. Our basic policy for dividends is, based upon the above understanding, to sustain continual and stable dividends considering an appropriate balance between distribution of profits to our shareholders and enhancement of the internal reserve required for future growth of the Company, considering the performance and the capital requirement.

The Company will comprehensively consider acquiring treasury shares as a measure for distributing the profit to shareholders while taking market environment into account. The Company will effectively utilize its internal reserves for investments that ensure further future growth and higher corporate values of the Company.

The Company would like to propose the following year-end dividends after thorough consideration of the points mentioned above.

(1) Form of dividend

Cash

(2) Matters regarding disbursements of dividends to shareholders and total amount thereof

The Company would like to distribute ¥30 per ordinary share of the Company as year-end dividends.
The total amount of year-end dividends will therefore amount to ¥6,447,084,300.
Accordingly, total dividends per share for this fiscal year (inclusive of interim dividends) will be ¥60 and the total amount of dividends distributed will be ¥12,894,067,650.

(3) Effective Date of dividend distribution

June 18, 2021

Proposal 2. Election of nine (9) Directors

As the tenures of all eight (9) current Directors will expire at the close of the Meeting, the Company proposes, considering appropriate composition of its board of directors, that the following nine (9) Directors be newly elected.

The candidates for Directors were nominated based on the deliberation of the Company's Nomination Advisory Committee of which the majority members are Independent Outside Directors and the chair of which is a Lead Independent Outside Director.

The candidates for Directors are as follows:

Number & Name of Candidates	Types of Appointment	Yrs in office	Position, Responsibility in JSR, Concurrent position	Attendance to BOD meetings	Nomination Advisory Committee	Remuneration Advisory Committee
1. Mr. Eric Johnson	Re-appointment	2	Representative Director and CEO responsible for North America Businesses Management (Important concurrent positions held) President of JSR North America Holdings, Inc.	17/17 times (100%)	member	member
2. Mr. Nobuo Kawahashi	Re-appointment	5	Representative Director, President and COO	17/17 times (100%)	member	member
3. Mr. Koichi Kawasaki	Re-appointment	5	Director Executive Managing Officer responsible for Manufacturing and Technology, Product Safety & Quality Assurance, Safety and Environment Affairs, Human Resources, and Diversity Development, (Important concurrent positions held) President of Japan Butyl Co., Ltd.	17/17 times (100%)	--	--
4. Mr. Hideki Miyazaki	Re-appointment	3	Director, Managing Officer, responsible for Accounting, Financing, Corporate Communications, IT Strategy, Business Process Renovation and Cyber Security Management	17/17 times (100%)	--	--
5. Ms. Mika Nakayama	Re-appointment	1	Director, Senior Officer, responsible for Sustainability Promotion and General Manager of Sustainability Promotion Dept.	13/13 times (100%)	--	--
6. Mr. Yuzuru Matsuda	Re-appointment	6	Independent Outside Director (Important concurrent positions held) Outside Director, KUBOTA Corporation, Outside Director, BANDAI NAMCO Holdings Inc.	17/17 Times (100%)	Chairman	Chairman

Number & Name of Candidates	Types of Appointment	Yrs in office	Position, Responsibility in JSR, Concurrent position	Attendance to BOD meetings	Nomination Advisory Committee	Remuneration Advisory Committee
7. Mr. Shiro Sugata	Re-appointment	5	Independent Outside Director (Important concurrent positions held) Outside Director, Yokogawa Electric Corporation Outside Director, Yamato Holdings. Co., Ltd.	17/17 times (100%)	member	member
8. Mr. Tadayuki Seki	Re-appointment	4	Independent Outside Director (Important concurrent positions held) Advisory Member, ITOCHU Corporation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, PARCO CO., LTD. Outside Director, VALQUA, LTD. Outside Audit & Supervisory Member of Asahi Mutual Life Insurance Company	17/17 times (100%)	member	member
9. Mr. David Robert Hale	New-appointment	--	(Important concurrent positions held) Partner of ValueAct Capital Management, L.P., Outside Director, Bausch Health Companies Inc, Outside Director, Olympus Corporation	--	member	member

(Note) "Position, Responsibility in JSR. Concurrent positions" stated in the above table are those of the current fiscal year. However, members of Nomination Advisory Committee and Remuneration Advisory Commission are those after the Meeting subject to approval of the Proposal 2 at the meeting and of the BOD to be held after the Meeting.

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
1	Eric Johnson (June 19, 1961)  Re-appointment Number of the Company shares owned: 73,400 shares Record of attendance at BOD meetings: 17/17 (100%)	1984 Joined VLSI Technology, Inc. 1988 Joined Nikon Precision, Inc. General Manager of Manufacturing & Technology Division 1999 Technology Vice President, Nikon Precision, Inc. Sep. 2001 Joined JSR Micro, Inc. Principal Vice President Jun. 2005 CEO, JSR Micro, Inc. Jun. 2011 Officer of JSR Jun. 2015 Senior Officer of JSR Apr. 2016 Senior Officer, General Manager of Life Sciences Division of JSR Jun. 2017 Managing Officer, General Manager of Life Sciences Division of JSR Jan. 2019 President of JSR North America Holdings, Inc. (current position) Jun. 2019 Representative Director and CEO of JSR (current position) (Current responsibilities) North America Businesses (Important concurrent positions held) President of JSR North America Holdings, Inc.

Reasons for the Nomination of this Candidate for Director:

Mr. Johnson has contributed significantly to the expansion of semiconductor materials business as CEO of JSR Micro, Inc., one of the key subsidiaries of the Company. Mr. Johnson, as an Officer of JSR, has pushed forward business operation mainly in the U.S and the developing and implementing global strategies since 2011. After assuming office of CEO of the Company, Mr. Johnson has been leading launch and expansion of life science business as well as playing a leading role in, by utilizing his vast experience in international business, realizing the goals of the company to become a corporate entity that satisfies expectations and earns trust from all of the stakeholders of the Company.

Mr. Johnson is expected to contribute his vast international experience and knowledge acquired from his experience for nearly 20 years at the JSR Group to help the Company in making crucial decisions and to supervise the performance of duty at the Board of Directors level, thereby contributing further to the enhancement of JSR's corporate value. For the above reasons, he has been nominated as a candidate for Director.

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
2	Nobuo Kawahashi (July 23, 1956)  Re-appointment Number of Company shares owned: 36,000 shares Record of attendance at BOD meetings: 17/17 (100%)	Apr. 1981 Joined JSR Jun. 2002 Head of Functional Materials Development Laboratory, Fine Electronic Materials Research Laboratories Jun. 2008 Officer, General Manager of Display Material Business Division and New FPD Materials Division Jun. 2009 Officer, General Manager of Electronic Materials Division Jun. 2010 Officer, Director and President of JSR Micro Korea Co., Ltd. Jun. 2011 Senior Officer, Director and President of JSR Micro Korea Co., Ltd. Apr.2014 Senior Officer, General Manager of Research and Development Division Jun. 2016 Director and Managing Officer Jun. 2017 Director and Executive Managing Officer Jun. 2019 Representative Director and President, COO and CTO of JSR Jun. 2020 Representative Director and President and COO of JSR (current position)
	Reasons for the Nomination of this Candidate for Director: For many years since joining JSR, Mr. Nobuo Kawahashi has been engaged in JSR's research and development in various key areas for the Company such as synthetic rubbers, emulsion, plastics, semiconductor materials including those for CMP, and functionalized particles for life science business and thus has greatly contributed to the expansion of businesses of the Company. He promoted expansion of businesses of display materials and semiconductor material as a head of business divisions from 2005. After assuming his office as a Representative Director and President and COO of the Company in 2019, Mr. Kawahashi has been, while vigorously supporting CEO, committed himself to strengthen the business foundation of the Company through managing the businesses of Elastomers, Plastics, and Digital Solutions in accordance with the policies and strategies of its mid-term business "JSR 20i9". Mr. Kawahashi is expected to contribute his vast experience and knowledge to help the Company in making crucial decisions and to supervise the performance of duty at the BOD level, thereby continually contributing further to the enhancement of JSR Group's corporate value. For the above reasons, he has been nominated as a candidate for Director.	

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
3	Koichi Kawasaki (April 20, 1957)  Re-appointment Number of Company shares owned: 30,400 shares Record of attendance at BOD meetings: 17/17times (100%)	Apr. 1983 Joined JSR Jun. 2003 Head of the First Manufacture and Technology Center Jun. 2005 Officer, General Manager of Manufacturing & Technology Division Jun. 2007 Director and Senior Officer, General Manager of Manufacturing & Technology Division Jun. 2008 Director and Senior Officer, General Manager of Elastomer Business Division Jun. 2011 Managing Officer, General Manager of Petrochemical Products Division Jun. 2014 Executive Managing Officer, General Manager of Petrochemical Products Division Jun. 2016 Representative Director and Executive Managing Officer, General Manager of Manufacturing & Technology Group Apr. 2018 Representative Director and Executive Managing Officer, General Manager of Manufacturing & Technology Group and Director and President of Japan Butyl Co., Ltd. Jun. 2018 Representative Director and Executive Managing Officer, General Manager of Manufacturing & Technology Group and Director and President of Japan Butyl Co., Ltd. Jun. 2019 Director and Executive Managing Officer Director and President of Japan Butyl Co., Ltd. (current position) (Current responsibilities) Manufacturing and Technology, Product Safety & Quality Assurance, Safety and Environment Affairs, Human Resources, and Diversity Development (Important concurrent positions held) Director and President of Japan Butyl Co., Ltd.
	Reasons for the Nomination of this Candidate for Director: For many years since joining JSR, Mr. Koichi Kawasaki has been engaged in JSR's production, manufacturing & technology-related businesses. After assuming the position in charge of JSR's petrochemical products businesses, he has been recently responsible for Manufacturing and Technology, Product Safety & Quality Assurance, Safety and Environment Affairs, Human Resources, and Diversity Development. Throughout his career, he has contributed to the enhancement of JSR's corporate value. Mr. Kawasaki is expected to contribute his vast experience and knowledge to help the Company in making crucial decisions and to supervise the performance of duty at the BOD level, thereby continually contributing further to the enhancement of JSR Group's corporate value. For the above reasons, he has been nominated as a candidate for Director.	

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
4	Hideki Miyazaki (January 22, 1958)  Re-appointment Number of Company shares owned: 17,900 shares Record of attendance at BOD meetings: 17/17 times (100%)	Apr. 1980 Joined Nomura Securities Co., Ltd. Jul. 2005 Joined Japan Tobacco Inc. ("JT") Senior Manager of Accounting Division of JT Jan. 2006 Deputy Chief Financial Officer of JT Jun. 2008 Senior Vice President, and Chief Financial Officer of JT Jun. 2010 Executive Vice President, and CFO of JT Jun. 2012 Director and Executive Vice President Finance, Public Relations and CSR of JT Jan. 2018 Director of JT Mar. 2018 Joined JSR, Advisor Jun. 2018 Director and Managing Officer (Current Position) (Current responsibilities) Accounting, Finance, Corporate Communications, IT Strategy, Cyber Security Management and Business Process Renovation
	Reasons for the Nomination of the Candidate for Director: Mr. Hideki Miyazaki joined JSR after having served as Director and Executive Vice President of Japan Tobacco Inc. He has been contributing enhancing corporate value of the JSR Group by assuming responsibilities for Accounting, Financing, Corporate Communications, IT Strategy, Cyber Security Management, and Business Process Renovation, and by utilizing his vast experience and knowledge both in domestic and international accounting and financing Mr. Miyazaki is expected to contribute his vast experience and knowledge to help the Company in making crucial decisions and to supervise the performance of duty at the BOD level, thereby continually contributing further to the enhancement of JSR Group's corporate value. For the above reasons, he has been nominated as a candidate for Director	

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
5	Mika Nakayama (January,10, 1961)  New-appointment Number of Company shares owned:16,400 shares Record of attendance at BOD meetings: 13/13 times (100%)	Aug. 1984 Joined JSR Jun. 2012 Manager, Intellectual Property Office, Intellectual Property Department Apr. 2015 General Manager, Corporate Planning Dept. Jun. 2015 Officer, General Manager of Corporate Planning Dept., and General Manager of Diversity Promotion Dept. Apr. 2017 Officer, General Manager of Intellectual Property Department Jun. 2020 Director, Senior Officer, and General Manager of Sustainability Promotion Dept. (current position) (Current responsibilities) Sustainability Promotion
	Reasons for the Nomination of the Candidate for Director For many years since joining JSR, Ms. Nakayama has been engaged in protecting and managing intellectual properties of the JSR group. After assuming the office of an Officer, She has served as General Manager of Corporate Planning Dept., Diversity Promotion Dept., and Intellectual Properties Dept.. She has been contributing to the enhancement of JSR's corporate value by playing a major role in establishing and promoting mid-term business plan, by leading activities for to enhance and promote positions of female employees of the Company as General Manager of Diversity Promotion Dept, and by formulating intellectual strategies. Ms. Nakayama is expected to contribute her vast experience and knowledge to help the Company in making crucial decisions and to supervise the performance of duty at the BOD level, thereby continually contributing further to the enhancement of JSR Group's corporate value. For the above reasons, she has been nominated as a candidate for Director.	

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
6	Yuzuru Matsuda (June 25, 1948)  Outside Director Re-appointment Independent Director Term of office: 6 years at the close of this meeting Record of attendance at BOD meetings: 17/17 times (100%)	Apr.1977 Joined KYOWA HAKKO KOGYO CO., LTD. (“KHK”) (currently known as Kyowa Kirin Co., Ltd.) Jun. 2000 Officer, Head of the Pharmaceutical Research Institute Laboratory, KHK Jun. 2002 Executive Director and Director of Corporate Planning Department, KHK Jun. 2003 President and Chief Operating Officer, KHK Oct. 2008 President and Chief Officer, Kyowa Hakko Kirin Co., Ltd. (“KH Kirin”) (currently known as Kyowa Kirin Co., Ltd.) Mar. 2012 Senior Advisor, KH Kirin Jun. 2012 President of Kato Memorial Bioscience Foundation, a public interest incorporated association Mar. 2014 Retired from Senior Advisor, KH Kirin Jun. 2014 Outside Director, KUBOTA Corporation (current position) Jun. 2014 Outside Director, BANDAI NAMCO Holdings Inc. (current position) Jun. 2015 Outside Director, JSR Corporation (current position) Jun. 2019 Director Emeritus of Kato Memorial Bioscience Foundation, a public interest incorporated association (current position) Outside Director. KUBOTA Corporation Outside Director, BANDAI NAMCO Holdings Inc.

Reasons for Nomination of this Candidate for Outside Director and outline of expected roles:

Mr. Yuzuru Matsuda served as the President and Chief Officer of KYOWA HAKKO KOGYO CO., LTD and Kyowa Hakko Kirin, Co., Ltd (currently known as Kowa Kirin Co., Ltd.) and the Advisor thereto.

He has vast experience in corporate management for global companies especially in the field of medical and biochemical products and pharmaceuticals. He also possesses an independent perspective as outside personnel.

He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company’s fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group’s corporate value. He is, therefore, nominated again as a candidate for Outside Director in the expectation that he will continue to make similar contributions.

The items relating to the candidate for Outside Director:

(1) Mr. Yuzuru Matsuda is a candidate for Outside Director.

(2) There are some ongoing transactions involving the collection of royalty between the group companies of Kyowa Hakko Kirin Co., Ltd. (currently known as Kyowa Kirin Co., Ltd. And where Mr. Matsuda served as President and Chief Officer) and those of JSR Corporation. The value of such transactions in the current business year ending in March 2021 amounts to less than 0.1% of JSR Corporation’s consolidated revenue for the business year.

(3) KUBOTA Corporation where Mr. Matsuda currently holds important position reported in September 2018 that inappropriate conduct relating to inspection reports on expendable components (rolling mill rolls) used by its facilities for producing steel plates had taken place. Mr. Matsuda had been unaware of such inappropriate conduct until it came to light. However, he regularly made suggestions at meetings of the Board of Directors and other important meetings from the perspective of corporate compliance as well as compliance with laws and regulations. After recognizing the conduct, he has been contributing to set up necessary measures for recurrence prevention by ordering a thorough investigation of the root causes, and a review of the inspection system.

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
7	Shiro Sugata (November 17, 1949)  Outside Director Re-appointment Independent Director Number of Company shares owned: None Term of office: 5 years at the close of this meeting Record of attendance at BOD meetings: 17/17 times (100%)	Apr. 1972 Joined USHIO INC. Jan. 1993 President, BLV LICHT-UND VAKUUMTECHNIK GmbH Mar. 1994 General Manager, Technical Research Institute, USHIO INC. Jun. 2000 Director, Senior Officer, USHIO INC. Apr. 2004 Director, Executive Managing Officer, USHIO INC. Jun. 2004 Representative Director, Executive Managing Officer, USHIO INC. Mar. 2005 Representative Director and President, USHIO INC. Apr. 2013 Vice Chairman, Executive Director, Japan Association of Corporate Executives Oct. 2014 Director and Advisor, USHIO INC. Jun. 2016 Outside Director, JSR Corporation (current position) Jun. 2016 Advisor, USHIO INC. Jun. 2016 Outside Director, Yokogawa Electric Corporation (current position) Jun. 2017 Corporate Advisor, USHIO INC. Jun. 2019 Outside Director, Yamato Holdings Co., Ltd (current position) (Important concurrent positions held) Outside Director, Yokogawa Electric Corporation Outside Director, Yamato Holdings Co., Ltd

Reasons for the Nomination of this Candidate for Outside Director and outline of expected roles:

Mr. Shiro Sugata served as the Representative Director and President of USHIO INC., and the Advisor of the company. He also served as Vice Chairman, Executive Director at the Japan Association of Corporate Executives.

He has vast experience in the corporate management of global companies especially in the field of optical application products and industrial machineries. He also has experience obtained through activities in the business community and possesses the perspective of independent outside personnel.

He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value. He is, therefore, nominated again as a candidate for Outside Director in the expectation that he will continue to make similar contributions.

The items relating to the candidate for Outside Director:

(1) Mr. Shiro Sugata is a candidate for Outside Director.

(2) There are some ongoing transactions involving the sales of heat resistant transparent resins and entrustment of repair of devices between the group companies of USHIO INC. (where Mr. Sugata served as Representative Director and President and is currently serving as Corporate Advisor) and those of JSR Corporation. The values of such transaction in the current business year ending in March 2021 amounted to less than 0.1% of JSR Group's consolidated revenue and less than 0.1% of those of USHIO INC. for the previous business year ending in March 2020.

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
8	Tadayuki Seki (December 7, 1949)  Outside Director Re-appointment Independent Director Number of Company shares owned: 3,100 shares Term of office: 4 years at the close of this meeting Record of attendance at BOD meetings: 17/17 times (100%)	Apr. 1973 Joined ITOCHU Corporation Jun. 2004 Executive Officer and Chief Financial Officer, Food Company, ITOCHU Corporation Apr. 2007 Managing Executive Officer, General Manager, Finance Division, ITOCHU Corporation Jun. 2009 Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management and CFO, ITOCHU Corporation May 2011 Representative Director, Senior Managing Executive Officer, CFO, ITOCHU Corporation Apr. 2013 Representative Director, Executive Vice President, CFO, ITOCHU Corporation Apr. 2015 Advisor, ITOCHU Corporation May. 2016 Outside Director, PARCO CO., LTD. (current position) Jun. 2016 Outside Director, NIPPON VALQUA IDUSTRIES,LTD.(currently known as VALQUA, LTD.) (current position) Apr. 2017 Advisory Member, ITOCHU Corporation (current position) Jun. 2017 Outside Director, JSR Corporation (current position) Jul. 2017 Outside Audit & Advisory Board Member, Asahi Mutual Life Insurance Company (current position) May 2020 Outside Director, J. FRONT RETAILING Co., Ltd. (current position) (Important Concurrent Positions held) Advisory Member, ITOCHU Corporation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, PARCO CO., LTD. Outside Director, VALQUA, LTD. Outside Audit & Advisory Board Member, Asahi Mutual Life Insurance Company
	Reasons for the Nomination of this Candidate for Outside Director and outline of expected roles: Mr. Tadayuki Seki served as the Representative Director and Executive Vice President at ITOCHU Corporation. He has vast experience in the corporate management of a general trading company which operates a global trading business, as well as extensive experience in financing and accounting matters cultivated during his service as CFO, and possesses the perspectives of independent outside personnel. He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value. He is, therefore, nominated again as a candidate for Outside Director in the expectation that he will continue to make similar contributions. **The items relating to the candidate for Outside Director:** (1) Mr. Tadayuki Seki is a candidate for Outside Director. (2) There have been some ongoing transactions involving the sales and purchase of synthetic rubber and plastics between the group companies of ITOCHU Corporation (where Mr. Seki previously served as Representative Director and Executive Vice President and is currently serving as an Advisory Member) and those of JSR Corporation. The values of such transaction in the current business year ending in March 2021 amounted to less than 0.5% of JSR Group's consolidated revenue and less than 0.1% of those of ITOCHU Corporation for the previous business year ending in March 2020 respectively.	

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
9	David Robert Hale (December 21, 1984)  Outside Director New-appointment Independent Director Number of Company shares owned: 0 shares	Sep. 2007 Joined The Parthenon Group (currently EY-Parthenon) Jan. 2009 Assigned as Analyst to Strategic Value Capital, an investment subsidiary of The Parthenon Group Jun. 2009 Senior Associate, The Parthenon Group May. 2010 Principal, The Parthenon Group Jan. 2011 Joined ValueAct Capital Management, L.P. Dec. 2012 Vice President, ValueAct Capital Management, L.P. May. 2014 Partner, ValueAct Capital Management, L.P. (current position) Mar. 2015 Outside Director, MSCI Inc. Aug. 2015 Outside Director, Bausch Health Companies Inc. (current position) Jun. 2019 Outside Director, OLYMPUS CORPORATION (current position) (Important Concurrent Positions held) Partner, ValueAct Capital Management, L.P. Outside Director, Bausch Health Companies Inc. Outside Director, OLYMPUS CORPORATION
	Reasons for the Nomination of this Candidate for Outside Director and outline of expected roles: Mr. David Robert Hale is a partner of ValueAct Capital Management, L.P ("VAC"), a global investment firm which controls ValueAct Capital Master Fund, L.P. ("VAC Funds"), a shareholder of the Company. He has served on the Board of Directors of several of VAC's portfolio companies, and has extensive experience helping companies manage, transform and grow their businesses. He is expected to contribute his experiences, international understanding and outside and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value. He is, therefore, nominated as a candidate for Outside Director. He is committed to supporting the enhancement of corporate value for all of JSR Group's stakeholders. **The items relating to the candidate for Outside Director:** (1) Mr. David Robert Hale is a candidate for Outside Director. (2) VAC, where Mr. Hale serves as a partner, and the Company have no business dealings. .	

(Notes)

1. Summary of agreement to limit Outside Directors' liabilities
   The Company had previously, pursuant to Paragraph 1 of Article 423 of the Companies Act, entered into agreements with Mr. Matsuda, Mr. Sugata, and Mr. Seki to limit their liabilities to the maximum permitted extent as set forth in Paragraph 1 of Article 425 of the Companies Act. If this proposal is approved and resolved as originally proposed at the Meeting, the Company intends to renew the agreements with them and enter into the similar agreement with Mr. Hale.
2. The Company has registered Mr. Matsuda, Mr. Sugata, and Mr. Seki with the Tokyo Stock Exchange as Independent Directors / Auditors as such term is defined by the Exchange. If this proposal is approved and resolved as originally proposed at the Meeting, they will be re-appointed as Independent Directors/Auditors and Mr. Hale will be registered as the Independent Director / Auditor.
3. Mr. Matsuda. Mr. Sugata, Mr. Seki, and Mr. Hale meet the "Criteria for judging independence of outside directors and audit & supervisory board members", as set forth on page 23 of this translation.
4. The Company has entered into an agreement of Directors and Officers Liability Insurance which covers all directors as insured persons, to cover damages that may arise from the directors being liable for the performance of their duties or from receiving claims relating to such liability. However, there is a reason for exemption such as that the damage caused by intention or gross negligence is not compensated. If this proposal is approved and resolved as originally proposed at the Meeting, all nine (9) candidates for directors will be insured under the insurance agreement and it will be renewed in July 2021.
5. No conflict of interest exists between the Company and each of the candidates for Directors.

Proposal 3. Election of one (1) Audit & Supervisory Board Member

As the tenure of Mr. Sumio Moriwaki, who is an Audit & Supervisory Board Member, will expire at the close of the Meeting, the Company proposes that the following one (1) Audit & Supervisory Board Member be newly elected.
The Audit & Supervisory Board has consented to the submission of this proposal in advance based on the deliberation of the Company's Nomination Advisory Committee of which the majority members are Independent Outside Directors, and the chair of which is a Lead Independent Outside Director.

The candidate for the Audit & Supervisory Board Member is as follow:

Name (Date of Birth)	Brief personal record, position, and other important concurrent positions held
Junko Kai (September 29, 1967)  Outside Audit &Supervisory Board Member New-appointment Independent Audit & Supervisory Board Member Number of Company shares owned: 0 shares	Apr. 1992 Registered as an attorney at Law Dec. 2002 Partner, Hamani, Takahashi and Kai Low Office Jun. 2006 Member of Disciplinary Enforcement Committee of Daini Tokyo Bar Association Mar. 2007 Lecturer of Criminal Defense, Legal Training and Research Institute Apr. 2010 Conciliation Committee Member of Tokyo Family Court (current position) Jul. 2010 Reserve Committee Member of Discipline Review Board, The Japanese Institute of Certified Public Accountants Oct. 2010 Bar Examiner (Code of Criminal Procedure), Examiner for the preliminary bar examination (Code of Criminal Procedure) Jun. 2014 Committee Member of Pension Special Account Public Procurement Committee, Ministry of Health, Labour and Welfare (current position) Oct. 2015 Special Committee Member of Central Committee for Adjustment of Construction Work Disputes of Ministry of Land, Infrastructure, Transport and Tourism (current position) Feb.2016 Committee Member of Disciplinary Committee of Daini Tokyo Bar Association (current position) Jun.2017 Substitute Audit & Supervisory Board Member of Idemitsu Kosan Co., Ltd. (current position) Jun.2019 Outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION (current position) Jun.2020 Substitute Audit & Supervisory Board Member of MITSUI-SOKO HOLDINGS Co., Ltd. (current position) (Important Concurrent Positions held) Hamani, Takahashi and Kai Low Office Outside Director, NARITA INTERNATIONAL AIRPORT CORPORATION
Reason for the Nomination of this Candidate for Outside Audit & Supervisory Board Member: Ms. Kai has a vast legal expertise and experience as a lawyer. It is expected that she will utilize her vast experience, knowledge, and sophisticated expertise as well as his viewpoint as an independent outsider to audit the	

Director's decision making and execution of operation, and to commit to enhancing fair and reasonable judgement for, and accountable and sound management of, the businesses of the Company. Thus, she is appointed as a candidate for Outside Audit & Supervisory Board Member.

The items relating to the candidate for Outside Audit & Supervisory Board Member:

(1) Ms. Kai is a candidate for an Outside Audit and Supervisory Board Member.
(2) No conflict of interest exists between Ms. Kai and the Company.
(3) Summary of agreement to limit the Audit & Supervisory Board Members' liabilities proposed to be entered into with Ms. Kai:
If this proposal is approved and resolved as originally proposed at the Meeting, the Company intends, pursuant to Paragraph 1 of Article 423 of the Companies Act, to enter into an agreement with him to limit her liabilities to the maximum extent permitted under Paragraph 1 of Article 425 of the Companies Act
(4) If this proposal is approved and resolved as originally proposed at the Meeting, the Company will register Ms. Kai with the Tokyo Stock Exchange as Independent Directors / Auditor, as such term is defined by the exchange.
(5) Ms. Kai meets the "Criteria for judging independence of outside directors and audit & supervisory board members", as set forth on page 23 of this translation.
(6) The Company has entered into an agreement of Directors and Officers Liability Insurance which covers all Audit & Supervisory Board Members as insured persons, to cover damages that may arise from the members being liable for the performance of their duties or from receiving claims relating to such liability. However, there is a reason for exemption such as that the damage caused by intention or gross negligence is not compensated. If this proposal is approved and resolved as originally proposed at the Meeting, Ms. Kai will be insured under the insurance agreement and it will be renewed in July 2021.
(7) No conflict of interest exists between Hamani, Takahashi and Kai Low Office, Ms. Kai currently serves as a Partner, and the Company.

Proposal 4. Election of two (2) Substitute Audit & Supervisory Board Members

As a provision for the contingency of a shortage in the number of Audit & Supervisory Board Members required by law, the Company proposes that the following two (2) Substitute Audit & Supervisory Board Members be elected. Mr. Makoto Doi is proposed to substitute for Mr. Tomoaki Iwabuchi, who is to become an Audit & Supervisory Board Member subject to the approval and favorable resolution of the Proposal 3 at the Meeting, and Mr. Akira Chiba is proposed to substitute for each of Ms. Hisako Kato and Mr. Sumio Moriwaki, currently serving as Outside Audit & Supervisory Board Members respectively.

The Audit & Supervisory Board has consented to the submission of this proposal in advance based on the deliberation of the Company's Nomination Advisory Committee of which the majority members are Independent Outside Directors, and the chair of which is a Lead Independent Outside Director.

The details of the candidates for Substitute Audit & Supervisory Board Members are as follows (next page):

No.	Name (Date of Birth)	Brief personal record, position and other important concurrent positions held
1	Makoto Doi (December 25, 1959)  Number of Company shares owned: 25,300 shares	Apr. 1983 Joined Sumitomo Metal Industries, Ltd. (currently known as NIPPON STEEL CORPORATION) Nov. 2002 Joined Unicharm Corporation Dec. 2003 Joined JSR Jun. 2012 Officer and General Manager, Legal Department Jun. 2016 Senior Officer, General Manager, Legal Department (current position) (Current responsibilities) Legal, General Affairs, Secretarial Office

Reason for the Nomination of this Candidate for Substitute Audit &Supervisory Board Member:

Mr. Makoto Doi has sophisticated knowledge about legal affairs. Since joining JSR, he has been engaged in the legal affairs of JSR by virtue of his expertise. Currently, he serves as a senior officer responsible for legal affairs. He is expected to contribute his vast experience, knowledge, and sophisticated expertise to audit the Directors' in their decision-making and in respect of the Company's operations through the enhancement of its fair and reasonable judgment and transparent and sound management. He is, therefore, nominated as a candidate for Substitute Audit & Supervisory Board Member.

The items relating to the candidate for Substitute Audit & Supervisory Board Member:

(1) No conflict of interest exists between Mr. Doi and the Company.
Summary of agreement to limit the Audit & Supervisory Board Members' liabilities proposed to be entered into with Mr. Doi:

(2) Summaries of agreement to limit the Audit & Supervisory Board Members' liabilities proposed to be entered into with Mr. Doi
If this proposal is approved and resolved as originally proposed at the Meeting and should Mr. Doi assume the position of Audit & Supervisory Board Member, the Company intends, pursuant to Paragraph 1 of Article 423 of the Companies Act, to enter into an agreement with him to limit his liabilities to the maximum extent permitted as set forth under Paragraph 1 of Article 425 of the Companies Act.

(3) The Company has entered into an agreement of Directors and Officers Liability Insurance which covers all Audit & Supervisory Board Members as insured persons, to cover damages that may arise from the members being liable for the performance of their duties or from receiving claims relating to such liability. However, there is a reason for exemption such as that the damage caused by intention or gross negligence is not compensated. If this proposal is approved and resolved as originally proposed at the Meeting and should Mr. Doi assume the position of Audit & Supervisory Board Member, he will be insured under the insurance agreement.

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Brief personal record, position
and other important concurrent positions held</th></tr>
<tr><td>2</td><td>Akira Chiba
(September 11, 1953)

Number of Company shares owned:
None</td><td>Oct. 1984 Joined Tetsuzo Ota & Co. (currently known as Ernst &Young ShinNihon LLC)
Mar. 1989 Registered as Certified Public Accountant (current position)
Aug. 2000 Partner, Century Ota Showa & Co (currently known as Ernst &Young ShinNihon LLC)
May 2007 Executive Partner, Ernst & Young ShinNihon (currently known as Ernst &Young ShinNihon LLC)
Jun. 2015 Retired from Ernst & Young ShinNihon LLC
Jul. 2015 Representative, Chiba Certified Public Accountant Office (current position)
Apr. 2017 Auditor, Organization for Cross-regional Coordination of Transmission Operation JAPAN (current position)
Jun. 2019 Outside Audit & Supervisory Board Member, TAKACHIHO KOHEKI CO., LTD. (current position)

(Important concurrent position held)
Representative, Chiba Certified Public Accountant Office
Auditor, Organization for Cross-regional Coordination of Transmission Operation JAPAN
Outside Audit & Supervisory Board Member, TAKACHIHO KOHEKI CO., LTD</td></tr>
<tr><td></td><td colspan="2">Reason for the Nomination of a Candidate for Substitute Outside Audit & Supervisory Board Member:

Mr. Akira Chiba has vast expertise and experience in financing, accounting and auditing as a Certified Public Accountant. It is expected that he will utilize his vast experience, knowledge, and sophisticated expertise as well as his viewpoint as an independent outsider to audit the Directors’ decision-making and execution of operation and to commit to enhancing fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company. Thus, he is appointed as a candidate for Outside Substitute Audit & Supervisory Board Member. Mr. Akira Chiba has no experience in corporate management. The Company, however, believes that he will be able to appropriately perform his duty for the reasons set forth above.

The items relating to the candidate for Substitute Audit & Supervisory Board Member:
(1) Mr. Akira Chiba is a candidate for Substitute Outside Audit & Supervisory Board Member.
(2) No conflict of interest exists between Mr. Chiba and the Company.
(3) Summaries of agreement to limit the Audit & Supervisory Board Members’ liabilities proposed to be entered into with Mr. Chiba:
If this proposal is approved and resolved as originally proposed at the Meeting and should Mr. Chiba assume the position of Outside Audit & Supervisory Board Member, the Company intends to enter into an agreement with him to limit the liabilities under Paragraph 1 of Article 423 of the Companies Act to the maximum amount set forth under Paragraph 1 of Article 425 thereof.
(4) If this proposal is approved and resolved as originally proposed at the Meeting and should Mr. Chiba assume the position of Outside Audit & Supervisory Board Member, the Company will register Mr. Chiba with the Tokyo Stock Exchange as an Independent Director/Auditor, as such term is defined by the Exchange.
(5) Mr. Chiba meets the “Criteria for judging independence of outside directors and audit & supervisory board members”, as set forth on page 23 of this translation.
(6) The Company has entered into an agreement of Directors and Officers Liability Insurance which covers all Audit & Supervisory Board Members as insured persons, to cover damages that may arise from the members being liable for the performance of their duties or from receiving claims relating to such liability. However, there is a reason for exemption such as that the damage caused by intention</td></tr>
</table>

		or gross negligence is not compensated. If this proposal is approved and resolved as originally proposed at the Meeting and should Mr. Chiba assume the position of Outside Audit & Supervisory Board Member, he will be insured under the insurance agreement.
	(7)	No conflict of interest exists between the Company and each of, Ernst & Young ShinNihon, currently known as Ernst &Young Shin Nihon LLC (where Mr. Chiba served as an Executive partner) and Chiba Certified Public Accountant Office (where Mr. Chiba serves as Representative).

<<Reference>>

Criteria for judging independence of outside directors and audit & supervisory board members

JSR has set criteria for judging the independence of outside directors and audit & supervisory board members (hereinafter collectively or independently referred as “outside officers” or “outside officer”). If an outside officer (including a candidate) falls under any of the following categories, the Company judges such person does not have sufficient independence.

(1) Executive (*1) of JSR or its consolidated subsidiary (JSR Group) or ex-executive
(2) Major shareholder of JSR (any shareholder who directly or indirectly holds 10% or more of the voting rights)
(3) Executive of a company, etc. that falls under any of the following
  1) Major shareholder of JSR
  2) Major business partner of the JSR Group (*2)
  3) Major creditor of the JSR Group (*3)
  4) Company, etc. in which the JSR Group holds 10% or more of the voting rights
(4) Certified Public Accountant who belongs to an accounting firm that serves as the JSR Group Independent Auditor
(5) Expert, such as a consultant, accountant, lawyer, judicial scrivener, or patent agent, etc., who receives a large amount (*4) of monetary consideration or other property benefits from the JSR Group
(6) Person who receives a large amount of donations from the JSR Group (*5)
(7) Executive of a company, between which and JSR outside directors are mutually appointed (*6)
(8) Person with a close relative (*7) who falls under any of the above paragraphs from (1) to (7) (limited to an important person (*8) excluding paragraphs (4) and (5))
(9) Person who fell under any of the above paragraphs from (2) to (8) in the past five years
(10) Person who is deemed to have special reasons that would cause a conflict of interest with JSR, notwithstanding the provisions of the preceding paragraphs

(*1) Executive refers to a director (excluding either an outside director or non-executive director), an officer, an executive officer and an employee.
(*2) Major business partner refers to a company whose annual transactions with the JSR Group exceed 2% of the consolidated sales of JSR or such company.
(*3) Major creditor refers to a financial institution or other large creditor which is relied upon by the JSR Group to such an extent that it is indispensable and irreplaceable to financing of the JSR Group.
(*4) A large amount refers to: 10 million yen or more per year in the case such expert is an individual; and 2% or more of annual total revenue of such organization in the case such expert is an organization such as an enterprise or association. However, when a consideration for services directly offered by such expert exceeds 10 million yen, even if the amount does not exceed 2% of consolidated total assets of JSR or such financial institution, such amount is considered to be a large amount.
(*5) Person who receives a large amount of donations refers to a person who receives donations of 10 million yen or more per year from the JSR Group.
(*6) Mutually appointed relationship refers to a relationship in which an executive of the JSR Group serves as an outside officer of a company and an executive of such company serves as outside officer of JSR.
(*7) Close relative refers to a spouse and a relative within the second degree of consanguinity.
(*8) Important person refers to an executive including a director, an officer, an executive officer and a person in the position of general manager or higher or an executive who has authority equivalent to those persons.

<<Reference>>

Subject to the resolution of the Proposals 3 and 4 at the Meeting and subject to the subsequent resolution of Audit & Supervisory Board to be held just after the Meeting, the composition of the Audit & Supervisory Board of Directors ("A&SB") including Substitute Audit & Supervisory Board Members will be as listed in the table below;

(1) List of Audit & Supervisory Board Members (proposed)

Name	Types of Appointment	Yrs in office	Position, Responsibility in JSR, Concurrent position	Attendance to A&SB meetings	Attendance to BOD meetings
Mr. Tomoaki Iwabuchi	During term of office	1.	Full Time Audit & Supervisory Board Member	13/13 times (100%)	13/13 times (100%)
Ms. Hisako Kato	During term of office Independent Outside A&SB members	7	Certified Public Accountant, Certified Tax Accountant, and Representative, Hisako Kato Accounting Office	18/18 times (100%)	17/17 times (100%)
Ms. Junko Kai	New Appointment Independent Outside A&SB members	-	Lawyer, Partner, Hamani, Takahashi and Kai Low Office, and Outside Director, NARITA INTERNATIONAL AIRPORT CORPORATION	-	-

(2) List of Substitute Audit & Supervisory Board Members (proposed)

Name	Types of Appointment	Yrs in office	Position, Responsibility in JSR, Concurrent position	Attendance to BOD meetings	Attendance to BOD meetings
Mr. Makoto Doi		n. a.	Senior Officer, Responsible for Legal, General Affairs, Secretarial Office General Manager of Legal Department	n. a.	n. a.
Mr. Akira Chiba	Independent Outside A&SB members	n. a.	Certified Public Accountant, Representative, Chiba Certified Public Accountant Office, Auditor, Organization for Cross-regional Coordination of Transmission Operation JAPAN Outside Audit & Supervisory Board Member, TAKACHIHO KOHEKI CO., LTD	n. a.	n. a.

(Notes)
1. Mr. Doi is a substitute A&SB member for Mr. Iwabuchi, an A&SB member.
2. Mr. Chiba is an outside substitute A&SB member for either Ms. Kato or Ms. Kai, outside independent A&SB members.

Proposal 5. Determining amount of remuneration of performance-related stock remuneration for Directors

The remunerations for Directors of the Company consist of 4 types: Basic Remuneration which is fixed remuneration, Annual Bonuses that are linked to the degree of achievement of the Company's annual performance target and other factors, Mid-term Performance-linked Bonuses that are linked to the degree of achievement of the Company's medium to long term performance target, and remuneration for issuing Restricted Stock Shares which has the purpose of early promotion of sharing of values with our shareholders.
The maximum amount of the remuneration for Directors of above 4 types has been approved by a resolution at the 74th Ordinary General Meeting of Shareholders held on June 18, 2019, as follows:

(1) Basic Remuneration
Basic Remuneration for Directors will be paid up to JPY 60 million per month (including Basic Remuneration for Outside Directors of JPY 10 million; The Basic Remuneration does not include the wages or salaries to the Directors as employees if the Directors concurrently serve as employees.).

(2) Annual Bonus
The Company shall pay, in accordance with the resolution of the Board of Directors based on review and deliberation of the Remuneration Advisory Committee, Annual Bonuses to its Directors excluding Outside Directors reflecting the degree of the achievement of the annual targets set forth at the beginning of each fiscal year. (The Annual Bonuses are subject to the maximum annual amount for JPY 432 million and to variable payout ratio from 0% to 200% at maximum.)

(3) Mid-term Performance-linked Bonus
The Company shall pay, in accordance with the resolution of the Board of Directors based on review and deliberation of the Remuneration Advisory Committee, Mid-term Performance-linked Bonuses to its Directors excluding Outside Directors corresponding to the degree of achievement of three year average ROE target for the following 3 fiscal years set at the beginning of three-year period every fiscal year. (The Mid-term Performance-linked Bonuses are subject to the maximum annual amount for JPY 540 million and to the variable payout ratio from 0% to 150%.)

(4) Remuneration for issuing Restricted Stock Shares
The Company shall pay, in accordance with the resolution of the Board of Directors based on review and deliberation of the Remuneration Advisory Committee, Remuneration for issuing Restricted Stock Shares to its Directors excluding Outside Directors. (The Remuneration for issuing Restricted Stock Shares are subject to the maximum annual amount for JPY 200 million, to the maximum annual number of 200,000 ordinary shares of the Company and to a restriction period for 3 years in principle.)

If Proposal 6 "Revision of the maximum amount of remuneration, maximum number of shares and transfer restricted period for granting restricted stock shares to Directors" is approved as originally proposed, with respect to (4) above, the Company shall pay, in accordance with the resolution of the Board of Directors based on review and deliberation of the Remuneration Advisory Committee, Remuneration for issuing Restricted Stock Shares ,subject to the maximum annual amount for JPY 400 million, to the maximum annual number of 400,000 ordinary shares of the Company and to a restriction period predetermined by the Board of Directors from three (3) years to thirty (30) years, per annum to its Directors excluding Outside Directors.

This time, the Company proposes to introduce a new performance-related stock remuneration granted after the Applicable Period (as defined below) (hereinafter in this proposal to be referred to as the "**Plan**"), aims to provide incentives for Directors (excluding Outside Directors; hereinafter in this proposal to be referred to as "**Eligible Directors**") to ensure steady implementation of management and business restructuring plans and sustainable improvement in corporate value and to further enhance value sharing with shareholders.

Further, if this proposal is approved, the Company will abolish the above (3) Mid-term Performance-linked Bonus, and, will not pay any remuneration under the Mid-term Performance-linked Bonus rules unless the evaluation period has already started under the rules.

Outline of the Plan

The Plan is a stock remuneration (performance share unit) plan under which the Company will grant a number (calculated based on the level of achievement relative to performance targets during 4 fiscal years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2025, which is consistent with the Company's mid-term management plan (hereinafter to be referred to as the "**Evaluation Period**") and term of office start from the end of this General Meeting of Shareholders to the end of the General Meeting of Shareholders for the final fiscal year of the Evaluation Period (hereinafter to be referred to as the "**Applicable Period**")) of shares of the Company (hereinafter to be referred as the "**Share**"), and monies for the purpose of appropriating to funds for the tax payments arising from the grant of Shares after the Evaluation Period.

After the Evaluation Period ends, in principle, the Company shall pay monetary remuneration claims to Eligible Directors and having them make an in-kind contribution of all of the monetary remuneration claims to the Company when the Company issues shares or disposes of treasury shares.

(1) Methods of calculating the number of Shares to be granted and the amounts of the cash to be paid

Under the Plan, the number of the Shares to be granted and the amount of the cash to be paid to each Eligible Director shall be determined by a resolution of the Board of Directors based on a deliberation of the Remuneration Advisory Committee, by multiplying the reference number of share units to be granted in accordance with the position of each Eligible Director (1 share per unit) (hereinafter to be referred to as the "Reference Number of Share Units") by the payout ratio (within the range from 0% to 200%) based on the level of achievement of the consolidated performance indicators (average consolidated ROE for FY 2023 and FY 2024) targeted in the first year of the Evaluation Period.

The Company will pay the monetary remuneration claim for granting the Shares equivalent to 50%, in principle, of the number calculated by multiplying the Reference Number of Share Units to be granted to each Eligible Director by the payout ratio determined after the end of Evaluation Period (hereinafter to be referred as "**Fixed Reference Number of Share Units**") and pay the remaining amount in cash for the purpose of appropriation to funds for the tax payments arising from the grant of Shares.

The sum of the monetary compensation claim and the amount of the cash shall be the amount calculated by multiplying the Reference Number of Share Units by the closing price of the Shares on the Tokyo Stock Exchange on the business day immediately preceding the day of the resolution of the Board of Directors of the Company concerning the issuance of shares or disposition of treasury shares relating to the allotment of the Shares under the Plan after the end of the Evaluation Period (or the closing price on the immediately preceding trading day, if no trading occurred on that day; hereinafter to be referred to as the "**Stock Price at the time of granting**").

The total of Fixed Reference Number of Share Units shall be 800,000 units (1 share per unit, effectively 200,000 units per each fiscal year) or less for the Applicable Period, the total number of Shares to be granted to Eligible Directors (hereinaftrer to be referred to as "**Maximum Number of Shares to be granted**") shall be 400,000 shares (Substantially 100,000 shares per fiscal year) or less for the Applicable Period, and the maximum amount of the total of monetary remuneration claims and the cash to be paid to Eligible Directors shall be the amount calculated by multiplying the maximum

Fixed Reference Number of Share Units by the Stock Price at the time of granting for the Applicable Period.

The ratio of the Maximum Number of Shares to be granted to the total number of issued Shares is effectively less than 0.1% per fiscal year and the dilution ratio is quite small. Further, if the total number of issued shares of the company increases or decreases due to a stock consolidation or a stock split (including a gratis allotment of the Company's stock; The same shall apply hereinafter with respect to the description of a stock split), the Maximum Number of Shares to be granted shall be adjusted in accordance with such ratio to be reasonable extent.

The specific calculation formula is as follows:

(A) Calculation formula for number of the Shares to be granted to each Eligible Director

Reference Number of Share Units x pay-out rate x 50%

(B) Calculation formula for the amount of the cash to be paid to each Eligible Director

{(Reference Number of Share Units x pay-out rate- Number of the Shares in (A) above)} x Stock Price at the time of granting

(C) The total amount of the monetary remuneration claim and the cash to be paid to each Eligible Director

Fixed Reference Number of Share Units x Stock Price at the time of granting

(2) Treatment in cases of retirement, etc.

The Company shall pay the Share and the cash (reasonably calculated in accordance with the term of office of Director, Officer, or other positions determined by the Board of Directors) to the Eligible Director who held office for a part of the Applicable Period after the end of the Performance Evaluation Period.

Further, if an Eligible Director loses a position due to death during the Applicable Period, the Company shall pay the cash (the amount of the cash shall be reasonably calculated on the basis of the total amount of monetary remuneration claims and the cash reasonably calculated about the Eligible Director by taking into consideration his/her service period) to the heir who will be the successor of the Eligible Director without requiring the contribution in-kind for monetary remuneration claims. The Company will not issue Shares to the heir.

The Company shall make a gratis acquisition of all Share Units, with the exception of expiration of term of service, death or other reasons which the Board of Directors determines to be legitimate for the loss of Positions.

(3) Treatment in case of reorganization, etc.

If, during the Applicable Period, any matter concerning reorganization of the Company, including a merger agreement under which the Company shall be a disappearing company, a share exchange agreement or a plan for a transfer of shares under which the Company shall be a wholly-owned subsidiary, is approved by a General Meeting of Shareholders (or at a meeting of the Board of Directors if the approval of the General Meeting of Shareholders for said reorganization is not required), the Company may pay the cash to Eligible Directors without requiring contributions in-kind for monetary remuneration claims; provided, however, that this shall not be applied to the case where the date of delivery of the Share under the Plan is prior to the effective date of the reorganization. The amount of the cash shall be reasonably calculated on the basis of the total amount of monetary remuneration claims and the cash about the Eligible Director by taking into consideration the period from the beginning of the Applicable Period to the date of approval for the reorganization

(4) Requirement for granting the Shares and payment under the Plan
i) The Eligible Director having served the position of Director, Officer, or other positions determined by the Board of Directors during the Applicable Period.
ii) There were no certain misconduct or other events which justifies the Company’s confiscation of the Shares Units as determined by the Board of Directors of the Company.
iii) Other requirements necessary to achieve the purpose of Performance-related Stock Remuneration as determined by the Board of Directors of the Company

This proposal is to be submitted as a proposal to adopt a resolution on a specific methods of calculation for remuneration of which the amount has not been determined. The specific time of provision and allocation thereof to each Eligible Director within the maximum amount will be decided by the Board of Directors based on a deliberation of the Remuneration Advisory Committee.

If Proposal 2 is approved at this general meeting, the number of Eligible Directors subject to this Proposal will be five (5). The Remuneration Advisory Committee, of which the majority members are Independent Outside Directors and the chair of which is a Lead Independent Outside Director, reported that the contents of this proposal are appropriate and the Company has determined that it is necessary and appropriate to decide the contents of remunerations and other necessary matters for individual Directors in accordance with the revised director remuneration policy.

(Reference)
If this proposal is approved as originally proposed, the Company intends to introduce a similar performamce related stock remunelation plan for executive officers and some directors of subsidiaries in addition to Directors.

End

Proposal 6. Revision of the maximum amount of remuneration, maximum number of shares and transfer restricted period for granting restricted stock shares to Directors

The Company has introduced a restricted stock plan (hereinafter in this proposal to be referred to as the "**Plan**") for the purpose of providing incentives for Directors (excluding Outside Directors; hereinafter in this proposal to be referred to as "**Eligible Directors**") to facilitate sharing of values between Eligible Directors and the shareholders by having Eligible Directors hold shares in the Company and the annual remuneration for granting restricted stock shares to Eligible Directors has been approved (at the 72nd Ordinary General Meeting of Shareholders held on June 16, 2017, and the maximum amount and maximum number of shares have been revised at the 74th Ordinary General Meeting of Shareholders held on June 18, 2019).

Under the Plan, the Company annually provides Eligible Directors with monetary remuneration claims for granting restricted stock shares, and Eligible Directors pay in all of the monetary remuneration claims as in-kind contributions to the Company of common shares to be issues or disposed of by the Company. Further, the Company enters into an agreement for the allotment of restricted stock shares (hereinafter to be referred to as the "**Allotment Agreement**") with each Eligible Director which sets forth the matters concerning the granting of restricted stock shares and dispositions thereof and other necessary matters.

This time, with the aim of further raising management's awareness of seeking sustainable growth from a longer-term perspective and creating value for all stakeholders, the Company proposed that the Restricted Period (as defined below) which has been stipulated to be three (3) years in the Allotment Agreement shall be a period predetermined by the Board of Directors from three (3) years to thirty (30) years and that the Transfer Restriction shall be removed if, during the Restricted Period, an Eligible Director retires from any Position (as defined below) due to any reasonable grounds as determined by the Board of Directors.
Furthermore, aiming to be a global enterprise, for the purpose of secure excellent global management personnel, the Company would like to revise the maximum amount of remuneration for granting restricted stock shares from the current amount of JPY 200 million per year to JPY 400 million per year and maximum number of common stock of the Company to be issued or disposed under the Plan from 200,000 shares per year to 400,000 shares per year.

(1) Transfer restricted period
Eligible Directors shall not transfer, pledge or otherwise dispose of the shares allotted (hereinafter to be referred as the "**Allotted Shares**") under the Allotment Agreement for a period predetermined by the Board of Directors, which shall be from 3 (three) years up to 30 (thirty) years (hereinafter to be referred as the "**Restricted Period**"; such restriction hereinafter to be referred to as the "**Transfer Restriction**").

(2) Removal of Transfer Restriction upon expiration of Restricted Period
The Company will remove the Transfer Restriction for all of the Allotted Shares at the time when the Restricted Period expires provided that the relevant Eligible Director has been continuously serving as Director, Executive Officer, Audit & Supervisory Board Member, employee, or in any position similar thereto (hereinafter collectively to be referred as the "**Position**") of the Company or its subsidiary during the Restricted Period.

(3) Removal of Transfer Restriction upon Retirement on reasonable grounds etc.
If an Eligible Director retires from any Position before the Restricted Period expires due to the expiration of his or her term of office, the death of the Eligible Director or for any other reasonable grounds as determined by the Board of Directors as a treatment at the time of the retirement, the Company shall make reasonable adjustments to the number of Allotted Shares for which the Transfer Restriction is removed and the time of removal of the Transfer Restriction as necessary.

(4) Gratis acquisition by the Company

If an Eligible Director retires from any Position before the Restricted Period expires, the Company shall automatically acquire the relevant Allotted Shares without paying any consideration unless there are any reasonable grounds as determined by the Board of Directors as a treatment at the time of the retirement. Further, if there are any Allotted Shares for which the Transfer Restrictions is not removed at the time when the Restricted Period expires or Transfer Restrictions have been removed in accordance with (3) above, the Company shall automatically acquire all of such Allotted Shares without paying any consideration. The same shall apply in the any event provided in the Allocation Agreement such as violation of laws, regulations, internal rules or the Allocation Agreement.

(5) Treatment of Allotted Shares in case of reorganization, etc.

During the Restricted Period, if any matter concerning reorganization of the Company, including a merger agreement under which the Company shall be a disappearing company, a share exchange agreement or a plan for a transfer of shares under which the Company shall be a wholly-owned subsidiary, is decided by the Company, the Company shall make reasonable adjustments to the number of Allotted Shares for which the Transfer Restriction is removed and the time of removal of the Transfer Restriction as necessary.

(6) Other matters to be decided by the Board of Directors

Details of the matters mentioned above and other matters related to the Plan and the method of amendment of the Allotment Agreement shall be decided by the Board of Directors and set forth therein.

If Proposal 2 is approved, the number of Eligible Directors subject to this proposal will be five (5)

The Company has received a report from the Remuneration Advisory Committee, which consists of a majority of the members of the Board and is chaired by the Lead Independent Outside Director, stating that the content of this proposal is appropriate, and has determined that it is necessary and appropriate in order to determine the content of remuneration, etc. for individual Directors in accordance with the revised Remuneration Policy for Officers.

<<Reference>>

Outline of the Revised Director Remuneration Framework

The following is an outline of the revised director remuneration framework based on the assumption that Proposal 5 and Proposal 6 for this general meeting will be approved as proposed.

(1) Remuneration Structure

Remuneration for directors consists of: a) basic remuneration as fixed remuneration; b) annual bonuses mainly linked to the level of achievement of the annual performance target of the Company; c) Mid-term Performance-linked bonuses that are linked to the level of achievement of the medium to long term performance target of the Company; and d) remuneration for issuing Restricted Stock Shares designed to facilitate earlier sharing of values between Directors and the shareholders. However, for the following reasons, beginning in FY2021, the Company plans to abolish the Mid-term Performance-linked Bonus and introduce a performance-related stock remuneration to be granted after the Applicable period (hereinafter referred to as “Performance Share Units”). In addition, the duration of the removal of the transfer restricted period and the maximum amount of remuneration, and the maximum number of shares concerning the Remuneration for issuing Restricted Stock Shares, have been revised. Please note that, in light of their roles, remuneration for Outside Directors and Audit & Supervisory Board Members consists only of basic remuneration.

＜Reasons for Revision＞

- To provide incentives for Directors to ensure steady implementation of the mid-term management plan to be completed in FY 2024 and of business restructuring plans and sustainable improvement in corporate value, and to further enhance value sharing with shareholders.
- To raise Directors’ awareness of seeking sustainable growth from a longer-term perspective and creating value for all stakeholders.
- To establish an appropriate remuneration standard and structure with the aim of becoming a global enterprise, for the purpose of securing excellent global management personnel.

【Structure of Remuneration for Directors (excluding Outside Directors)】

	Pre-revision	Post-revision
Fixed Remuneration	Basic Remuneration	Basic Remuneration
Performance-linked Remuneration	Annual Bonus	Annual Bonus
	Mid-term Performance-linked Bonus	(Abolished)
	—	Performance Share Units
	Issuing Restricted Stock Shares (transfer restricted period for 3 years)	Remuneration for issuing Restricted Stock Shares (transfer restricted period for 3 to 30 years)

(2) Remuneration composition for Directors (excluding Outside Directors)

The Company has a policy of increasing the portion of performance-linked remuneration for directors who assume heavier responsibilities for corporate management (excluding Outside Directors). 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 table next page shows each remuneration composition in FY 2021 after revision when basic remuneration is set at 100 (the standard amount of the performance-linked remuneration is when a target has been 100% achieved).

【Post-revision】

		Basic remuneration	Performance-linked Remuneration			Basic remuneration vs. Performance linked remuneration
			Annual bonus	Performance Share Units (in 1 business year)	Remuneration for granting Restricted Stock Shares	
Directors (excluding Outside Directors)	CEO	100	100	200	200	100：500
	President	100	30	About 38	About 38	100：105
	Concurrently serve as Executive Managing Officer/ Managing Officer/ Senior Officer	100	25	About 23	About 23	100：70

(Notes)
1. The Executive Managing Officer and others in subordinate positions who concurrently serve as directors will receive an allowance as individuals holding a position and concurrently serving as a director, separate from the remuneration shown in the table.
2. From FY 2021, part of the business performance evaluation of the Life Sciences Business that was previously reflected in the Annual Bonus for the CEO has been abolished.

(3) Additional information about Performance Share Units

As the Company aims to achieve a consolidated ROE of 10% or more under its mid-term business plan, for the Evaluation Period covering four years from FY 2021 to FY2024, the Board of Directors has decided, based on the deliberations of the Remuneration Advisory Committee, to set a target of a consolidated ROE average of 10% for FY 2023 and FY 2024.

(Range of Payout Ratio of Performance Share Units)

	Range of Payout Ratio corresponding to Performance of Average Consolidated ROE in FY 2023 and FY 2024					
ROE performance	Below 6%	6% or more	8%	10%	12%	14% or more
Payout ratio	0%	50%	50%	100% (Target)	150%	200%

(Note) The payout ratio is 50% for the ROE performance between 6% and 8%, and the payout ratio for the ROE performance between 8% and 14% is calculated proportionately.

(4) Introduction of Shareholding Guidelines

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

(5) Prescription of Malus and Clawback Clause

In FY 2021, in order to restrain the director remuneration framework of the Company not to be the incentive remuneration that would encourage excessive risk-taking to ensure the soundness of the director remuneration framework, the Company will prescribe a clause under which all, or part, of the incentive remuneration shall be returned or forfeited (so-called malus and clawback clause) under a decision of the Board of Directors following deliberations by the Remuneration Advisory Committee, regardless of pre-or post-payment/delivery, when certain events occur, such as illegal conduct or retroactive revisions to financial statements through accounting malpractice. This clause will apply to Annual Bonuses for FY 2021, any Restricted Stock Shares, Performance Share Units, Mid-term Performance-linked Bonuses granted and paid during the same fiscal year, and will be applicable in all subsequent periods.

(6) Other

The Company has established policies for determining the remuneration for each Director. For details, please refer to "2. Policies for Determining Amount of Remuneration for Directors and Audit & Supervisory Board Members or the Method of Calculation thereof on page 63.

Proposal 7. Approval of Absorption-type Company Split Agreement

As announced in the "JSR Announces Plans for the Separation of the Company's Elastomer Business and Transfer of Stock to ENEOS" dated May 11, 2021, at the meeting of the Board of Directors held on May 11, 2021, the Company decided to have Japan Synthetic Rubber Split Preparation Co., Ltd. (hereinafter referred to as "Split Reserve Company" or "Successor Company"), a 100% subsidiary of the Company, succeed to the rights and obligations of the elastomer business currently being conducted by the Company (hereinafter referred to as "absorption division") through an Absorption-type Company Split, and to enter into an absorption-type company split agreement (hereinafter referred to as "the Absorption-type Company Split Agreement") with the Split Reserve Company on May 18 of the same year.

Pursuant to Article 783, Paragraph 1 of the Companies Act, the Company hereby requests the approval of the Absorption-type Company Split Agreement.

The Absorption-type Company Split is scheduled to take effect on April 1, 2022.

(1) The reasons for implementing the Absorption-type Company Split

The Company (formerly Nippon Synthetic Rubber Co., Ltd.) was established in December 1957 as a result of the enforcement of the "Act on Special Measures concerning Synthetic Rubber Manufacturing Business" (1957), which was enacted with the aim of domestically producing synthetic rubber. In 1969, the Company shifted to a private company, and expanded its petrochemical business from synthetic rubber to emulsion and synthetic resin. At the same time, the Company expanded its business scope to semiconductor materials, display materials and optical materials by utilizing the Company's unique polymer technology, and promoted the business centered on information and electronics materials. In the elastomer business, the Company is the leading synthetic rubber company in Japan, and the Company have acquired international trust based on our significant technological capability, mainly in the field of high-value-added synthetic rubber, including SSBR (solution polymerization styrene-butadiene rubber). On the other hand, the petrochemical industry is entering an era of intense international competition, making it difficult to maintain the competitiveness of the elastomer business alone. Given that intense competition, as well as shrinking domestic markets, intensifying global competition, and changing of the supply-demand balance for raw materials, the Company has implemented measures to improve earnings and to reform business structure in order to resolve fundamental issues in its internal and external environments. The Company have also been considering the ideal future business portfolio.

As a result, the Company concluded that it would be in the best interests to separate the elastomer business from our main business, make it independent and self-supporting and to transfer it to a company that can accomplish further growth of the elastomer business in the future.

Under these circumstances, ENEOS Corporation, a subsidiary of ENEOS Holdings, Inc., which is the largest comprehensive energy, resource and materials company in Japan, and is actively engaged in developing the production and sale of petrochemical products on a global scale with significant technological capability, and in strengthening the lineup of high value-added products, expressed its intention to acquire the elastomer business. As a result of discussions with ENEOS Corporation, the Company determined that transferring the elastomer business to ENEOS Corporation would be most appropriate for the sustainable development of the elastomer business, and decided to separate the elastomer business into a subsidiary through a method of the company split, and then to transfer its shares of the subsidiary to ENEOS Corporation.

Currently, the Company is preparing to conduct the transfer of the elastomer business to ENEOS Corporation. However, even if the transfer to ENEOS Corporation will not be implemented for some reason, as described above, the Company believes that it would be appropriate for its future business portfolio to separate the elastomer business from the Company and make it independent and self-supporting, and to explore the possibility of future M&A, etc. of the elastomer business. Therefore, if this proposal is approved at this General Meeting of Shareholders, the Company plans to implement the Absorption-type Company Split regardless of whether the elastomer business is ultimately transferred to ENEOS Corporation.

(2) Summary of the provisions of the Absorption-type Company Split Agreement

The provisions of the Absorption-type Company Split Agreement are as follows:

Absorption-type Company Split Agreement

This absorption-type split agreement (hereinafter referred to as the " Agreement") is made and entered into by and between JSR Corporation (hereinafter referred to as “JSR”) and Japan Synthetic Rubber Split Preparation Co., Ltd. (hereinafter referred to as “Successor Company”) on May 18, 2021 (hereinafter referred to as "Execution Date of the Agreement") as follows.

Article 1 (Absorption - type company split)

Pursuant to the provisions of the Agreement, JSR shall, by way of absorption-type division, transfer to Successor Company, and Successor Company shall succeed to the rights and obligations (hereinafter referred to as "absorption division") that JSR has in relation to the elastomer business (hereinafter referred to as "Business").

Article 2 (Trade names and addresses of the parties)

The trade names and addresses of JSR and Successor Company are:

(1) JSR (Company Splitting in an Absorption-Type Split)
Trade Name: JSR Corporation
Address: 9-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo

(2) Successor Company (Company Succeeding in an Absorption-Type Split)
Trade Name: Japan Synthetic Rubber Split Preparation Co., Ltd.
Address: 9-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo

Article 3 (Matters concerning the rights and obligations to be Transferred)

1. Successor Company shall succeed to the rights and obligations from JSR upon the Absorption-type Company Split that are set forth in the Exhibit titled "Details of Rights and Obligations to be Transferred." If the succession of the rights and obligations requires any permission, license or approval, etc. from relevant government agencies or other relevant persons, then the relevant permission, license or approval must be obtained prior to succession of those rights and obligations upon the Absorption-Type Company Split; provided, however, that the "Permission to install industrial waste treatment facilities" described in paragraph 6 of the Exhibit shall be subject to the approval of the prefectural governor pursuant to Article 15 - 4 and Article 9 - 6, Paragraph 1 of the Waste Management and Public Cleansing Act.
2. Any succession of obligations pursuant to the provisions of the preceding paragraph shall be made by way of a discharge assumption of obligations, and if JSR assumes any obligations for Successor Company after the Effective Date (as defined below) for any unavoidable reason (including, but not limited to, those based on laws and regulations), then Successor Company shall promptly compensate JSR for the amount of the obligations and the amount of costs that JSR incurred in connection with the assumption of those obligations.
3. JSR and Successor Company shall cooperate with each other in carrying out registration, recordation, notification, approval and other procedures that are necessary for the succession or perfection of the succeeded rights and obligations, and Successor Company shall bear the taxes, public dues and expenses that are required for the performance of those procedures.

Article 4 (Matters related to shares and other consideration to be delivered upon the Absorption-type Company Split)

Uponthe Absorption-type Company Split, Successor Company shall issue one (1) share of Successor Company to JSR.

Article 5 (Effective Date, etc.)

The date on which the Absorption-type Company Split will become effective (hereinafter referred to as "Effective Date") shall be April 1, 2022; provided, however, that the Effective Date may be changed upon mutual consultation between JSR and Successor Company depending on the progress of the procedures pertaining to the Absorption-type Company Split.

Article 6 (Amount of Stated Capital, etc. of Successor Company)

The amount of capital, capital reserve and retained earnings reserve of Successor Company that will be increased by the Absorption-type Company Split shall be as follows; provided, however, that if circumstances change before the Effective Date, the amounts may be modified after mutual consultation and agreement between JSR and Successor Company:

(1) Amount of Capital 0 yen

(2) Capital reserve 0 yen

(3) Retained earnings reserve 0 yen

Article 7 (Duty of Care as a Prudent Manager of CompanyProperties)

JSR and Successor Company shall perform its respective businesses from the Execution Date of the Agreement to the Effective Date with the care of a good manager.

Article 8 (Amendment or cancellation of the terms and conditions of the Absorption-type Company Split)

During the period from the Execution Date of the Agreement to the Effective Date, if any material change occurs in the status of properties or business management of Successor Company or JSR, or if any circumstance giving a material adverse affect to the implementation of the Absorption-type Company Split occurs or is revealed, or if it otherwise becomes significantly difficult to fulfill the purposes of the Agreement, or if it becomes necessary to amend the terms of the Agreement or to terminate the Agreement, JSR and Successor Company may amend the terms of the Absorption-type Company Split or other terms of the Agreement, or terminate the Agreement upon mutual consultation.

Article 9 (Matters for Consultation)

JSR and Successor Company shall determine any matters necessary in relation to the Absorption-type Company Split, in addition to those set forth in the Agreement, upon mutual consultation pursuant to the purpose of the Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, JSR and Successor Company have executed the Agreement in duplicate by affixing their names and seals thereto, and JSR shall retain the one (1) original and Successor Company shall retain one (1) copy thereof, respectively.

May 18, 2021

JSR: 9-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
JSR Corporation
Representative Director and CEO Eric Johnson

Successor Company: 9-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
Japan Synthetic Rubber Split Preparation Co., Ltd.
President and Representative Director Hayato Hirano

Exhibit

Details of Rights and Obligations to be Transferred

As of the Effective Date of the Absorption-type Company Split, assets, debts and liabilities, contracts and other rights and obligations in relation to the Business to which Successor Company will succeed from JSR shall be as follows. If any doubt arises as to the rights and obligations related to the Business to which Successor Company succeed, JSR and Successor Company may amend the contents thereof through good faith consultation pursuan to the purpose of this Agreement.

Description

1. Assets

(1) The following listed assets held by JSR at the close of business on the day immediately prior to the Effective Date and, unless otherwise provided, only in respect of the Business:

(i) Current Assets (excluding assets in paragraph (2) below)
- Cash and deposits of 1,111 million yen
- Notes receivable
- Accounts Receivable
- Stock of Products
- Purchased goods
- Semi-finished goods
- Raw materials
- Works in process
- Supplies
- Prepaid expenses
- Advances
- Accounts Receivable - General
- Accounts receivable-accrued interest
- Short-term loans
- Provisional payments

(ii) Fixed assets (excluding assets in paragraphs (2), (3) and 3 below)
- Buildings (relating mainly to the Business)
- Structures (other than buildings)
- Mechanical devices
- Vehicle carrying tools
- Tools, furniture and fixtures
- Leased assets
- Land (limited to the premises of JSR's Chiba plant and Kashima plant)
- Construction in progress
- Software
- Technology licenses
- Subscription Rights
- Leaseholds
- Other rights
- Intangible assets (Non-Software)
- Investment securities
- Long-term loans receivable
- Long-term prepaid expenses
- Other Investments
- Investments and other assets

(2) The following listed assets held by JSR at the close of business on the day immediately preceding the Effective Date:

(i) Assets related to the utility supply business carried out by the Power Division, Manufacturing Department I of JSR's Yokkaichi plant; provided, however, that assets relating only to businesses other than the Business shall be excluded.

(ii) All assets located at JSR's Chiba plant (excluding assets relating solely to JSR's digital solutions business division)

(3) The following affiliated company shares and equity interests held by JSR at the close of business on the day immediately preceding the Effective Date; provided, however, that JSR Clayton Elastomer Co., Ltd. and/or Japan Butyl Co., Ltd. shall be excluded if JSR and Successor Company, after consultation with the parties concerned, agree otherwise:

Company name	Number of shares or equity
ELASTOMIX CO., LTD. (EMIX)	6,592,100 shares
ELASTOMIX (THAILAND) CO., Ltd. (EMT)	16,275 shares
Tianjin Kuo Cheng Rubber Industry Co., Ltd. (TJ)	Equity investment
JSR MOL Synthetic Rubber Ltd. (JMSR)	9,180 shares
JSR BST Elastomer Co., Ltd. (JBE)	26,622,000 shares
KRATON JSR ELASTOMERS K. K. (JKE)	15,000 shares
Japan Butyl Co., Ltd. (JBC)	1,584,000 shares
JSR Trading Co., Ltd. (JTR)	960,000 shares
Goko Trading Co., Ltd. (GOKO)	47,520 shares
JSR Elastomer Korea Co., Ltd. (JEK)	30,000 shares
JSR Elastomer India Private Limited (JEI)	1,485,000 shares
JSR Elastomer America, Inc. (JEA)	12 shares
JSR Elastomer Europe GmbH (JEE)	325,000 pieces

(4) Miscellaneous
In addition to the assets set forth in paragraphs (1) through (3) above, any assets held by JSR at the close of business on the day immediately preceding the Effective Date that relate only to the Business; provided, however, that this provision shall not apply if JSR and Successor Company agree otherwise.

2. Debts and liabilities

The debts and liabilities listed below to be incurred by JSR at the close of business on the day immediately preceding the Effective Date, and that relate only to the Business; provided, however, that this provision excludes liabilities for unpaid wages, potential liabilities, contingent liabilities, and off-balance sheet liabilities:

(1) Current liabilities
- Trade Accounts payable
- Short-term lease obligations
- Account Payable
- Accrued expenses
- Accrued Interest (External)
- Deposits received
- Advances received
- Prepaid income
- Accrued Expenses - Bonus
- Provisional receipts
- Provisions for directors' bonuses
- Derivative liabilities (Short-term)

(2) Fixed liabilities
- Long-term lease obligations
- Accrued retirement benefits
- Reserves for environmental measures
- Other long-term liabilities

(3) Miscellaneous

In addition to the debts set forth in paragraphs (1) and (2) above, debts and liabilities that JSR owes at the close of business on the day immediately preceding the Effective Date and that relate only to the Business; provided, however, that this provision shall exclude tax liabilities, liabilities not permitted to be transferred under laws, and liabilities separately agreed upon between JSR and Successor Company.

3. Intellectual Property Rights

The Intellectual Property Rights solely in respect of the Business held by JSR at the close of business on the day immediately preceding the Effective Date (including information regarding to documents concerning the application for intellectual property rights relating solely to the Businness, the status as an applicant pertaining to the application for intellectual property rights held by JSR at the close of business on the day immediately preceding the Effective Date (including the status in the case that decision to the effect of refusal has been made), including the right to receive such intellectual property right).

4. Contracts

(1) All contracts for the provision of utilities (including all rights and obligations under contract, but excluding potential liabilities, contingent liabilities and off-balance sheet liabilities.)

(2) Any validly existing contract (excluding contracts of employment) to which JSR is a party at the close of business on the day immediately preceding the Effective Date and that relates only to the Business (including all rights and obligations under contract, but excluding potential liabilities, contingent liabilities and off-balance sheet liabilities.).

5. Employment Agreements, Etc.

(1) Employment Agreement

The status of employment agreement and any and all rights and obligations based on that status with employees who are primarily engaged in the Business as of the close of business on the day immediately preceding the Effective Date and employees whose employee numbers are stated in item (ii) below. Provided that the employee specified in item (i) below shall be excluded. For the avoidance of doubt, contracts of employment with any employees who have resigned prior to the Effective Date shall be excluded. Further, employment agreements that JSR and Successor Company agree otherwise by the close of business on the day immediately preceding the Effective Date, or unpaid wages, potential obligations, contingent obligations, and off-the-book obligations shall be excluded:

(i) ●, ●, ●

(ii) ●, ●, ●

Note: Employee numbers have been omitted from this reference document.

(2) Union Agreement

The status of collective bargaining agreements entered into by JSR with its workers' union that are in force as of the Effective Date, and any and all rights and obligations thereunder.

6. Licenses, Approvals, Etc.

The following permits and licenses (limited to those to which Successor Company may succeed based on laws and regulations) and other permits and licenses held by JSR concerning the Business to which Successor Company is required to succeed based on laws and regulations.

- High Pressure Gas Production Business License
- Permission to Install Hazardous Materials Facilities
- Permission to Install Industrial Waste Treatment Facilities

End

(3) Matters concerning the appropriateness of the number of shares delivered to our Company by Successor Company, and the amounts of capital and reserves of Successor Company;

Upon the Absorption-type Company Split, Successor Company will issue one common share and deliver it to our Company. The number of shares to be issued was determined through discussions between our Company and Successor Company based on the fact that our Company owns all of the issued shares of Successor Company, and our Successor Company has determined that issuance is appropriate.

(4) Matters concerning the appropriateness of the amount of capital and reserves of Successor Company in an Absorption-type Company Split;

The amount of capital and reserves of Successor Company will not increase as a result of the Absorption-type Company Split.

(5) The details of the assets, liabilities and equity of the day of formation of Successor Companyin the Absorption-Type Company Split:

(Unit: Yen)

Assets		Liabilities and Equity	
Item	Amount	Item	Amount
Cash and Deposits	1,000,000	Amount of Capital	1,000,000
Total	1,000,000	Total	1,000,000

(6) Disposition of important property, burden of major obligations, or any other event having a material impact on the status of company property after the day of formation of Successor Companyin the Absorption-Type Company Split;:

There is no applicable item.

(7) Disposition of important property, burden of major obligations, or any other event having a material impact on the status of our Company's property after the last day of the most recent business year:

On May 11, 2021, our Company entered into a Share Purchase Agreement with ENEOS Corporation for the transfer of shares in Japan Synthetic Rubber Co., Ltd. to ENEOS Corporation.

Please note that this is an English translation of the original “Business Report” which is written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

(Appendix to the Notice of the 76th Ordinary General Meeting of Shareholders)

Business Report

For the period from April 1, 2020 to March 31, 2021 (“the current fiscal year)

Ⅰ Items Relating to the Current Status of the JSR Group

1. Business Developments and Results

In FY ended March 2021 (April 1, 2020 to March 31, 2021), there were signs of a slowdown in the global economic recovery due to the spread of COVID-19, intensifying trade friction between the U.S. and China, the rise of protectionism, and other factors. As for trends among the Group’s main customer industries, demand grew in the semiconductor market from 5G mobile communications systems (5G), computers, and data centers, and both memory and logic semiconductors performed well. The flat-panel display market was strong due to the promotion of telework and stay-at-home demand. Global automobile production for the full year fell from the previous year because of COVID-19 lockdowns and other restrictions, although production did recover in the second half of the year. Global automobile tire production over the full term was also down, due to the impact of falling automobile production and other factors, but a clear recovery trend was seen in the second half of the year. As for the exchange rate, the yen appreciated against the dollar year-on-year.

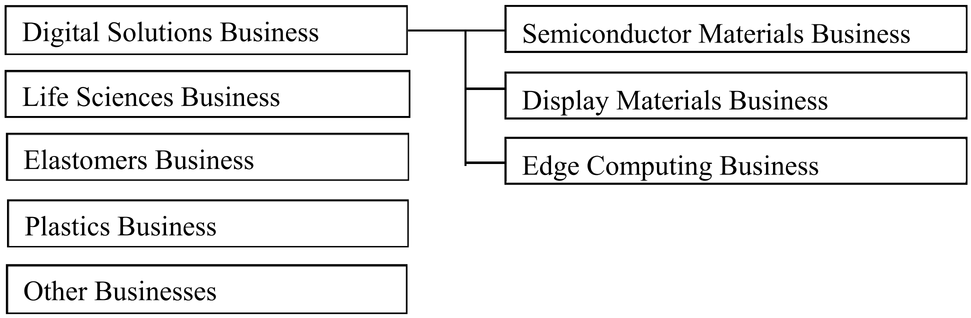
Amid these circumstances, JSR Group strived to expand business in growth fields as well as take steps such as cutting business costs to mitigate the risk of declining sales due to economic stagnation and weak demand. In the Elastomers Business, the Group focused on lowering manufacturing costs and other measures to guard against the risk of declining sales due to sluggish demand. The Group has been promoting the streamlining of raw materials and logistics and other cost-cutting measures, the optimization of sales prices, and the retooling of personnel structures with the implementation of an early retirement incentive program. Additionally, the Group has reorganized operations in the Display Materials Business by downsizing operations in South Korea and Taiwan and shifting operations to China, and in the Elastomers Business, the Group has implemented structural reforms throughout the organization, including adjustments to business and product segments. A one-time expense pertaining to these business structural reforms was recorded in FY ended March 2021.

In addition, JSR Group issued 35,000 million yen in straight bonds in May 2020 to secure funds for future investments in growth areas such as semiconductors and life sciences, and to diversify fund procurement to improve the stability of the Group’s financial base. The Group took definitive steps regarding business expansion in growth areas, such as making Medical & Biological Laboratories Co., Ltd. (MBL) a wholly owned subsidiary to bolster competitiveness in the therapeutic discovery support field and in the development of new companion diagnostics, as well as commencing commercial production operations at a new U.S. facility of functional solvents intended for cutting-edge semiconductors.

As a result, the Group reported revenue of 446,609 million yen (down 5.4% year-on-year), an increase compared to the forecast at the time the Second Quarter results were announced, but a decrease compared to the previous fiscal year. Core operating profit was 25,963 million yen, up from the forecast at the time the Second Quarter results were announced, but down year-on-year. Although the Digital Solutions Business grew, the Group’s business was affected by revenue declines in the Elastomers Business and Plastics Business, which were hit by the effects of COVID-19. The Group posted an operating loss of 61,633 million yen, versus an operating profit of 32,884 million yen in the previous fiscal year, due to the recording of restructuring expenses. Loss attributable to owners of parent was 55,155 million yen, compared with profit attributable to owners of parent of 22,604 million yen in the previous fiscal year.

Business Segment Overview

The JSR Group’s business is classified into four reporting segments: Digital Solutions, Life Sciences, Elastomers and Plastics. The reporting segments are positioned as shown next page.



<Digital Solutions Business Segment>

The Digital Solutions Business segment experienced both increased revenue and profit compared to the previous fiscal year.

In the Semiconductor Materials Business, demand for both memory and logic semiconductors has been firm since the First Quarter of FY 2020. Sales of advanced photoresists were particularly strong, due in part to advanced device launches by major customers. In addition, smooth product launches were achieved of functional solvents and mounting materials for cutting-edge semiconductors destined for major customers, which contributed to revenue gains from the previous fiscal year. The sector secured higher core operating profit despite greater expenses incurred with expanded solvent sales. Since the Semiconductor Materials Business is deemed an essential business for people’s livelihoods, global R&D, production, and other business activities continued without being impacted by the COVID-19 pandemic.

The Display Materials Business saw expanded sales volume to China of alignment films for wide-screen TV LCD panels, a focus point of the business. The sector posted lower revenue on lower sales of color-pigmented resists and photosensitive column spacers caused by some customers abandoning LCD production, amid the shift of LCD production from South Korea and Taiwan to China. Despite this, the Display Materials Business boosted its core operating profit on the back of strong alignment film sales.

The Edge Computing Business suffered revenue and profit declines because of a sales decrease in near-infrared (NIR) Cut filters.

Consequently, the Digital Solutions Business segment posted a core operating profit of 34,568 million yen (up 11.8% year-on-year) on revenue of 151,420 million yen (up 4.6% year-on-year).

<Life Sciences Business Segment>

In the Life Sciences Business, with the U.S. headquarters guiding strategies for the entire business segment, the Group has worked to expand revenue primarily in the biomedical drug discovery business and the biomedical drug contract development and manufacturing business, in addition to JSR materials. Favorable progress was achieved by the biologics Contract Research Organization (CRO) business provided by Group company Crown Bioscience International (Crown Bio). In the biologics Contract Development and Manufacturing Organization (CDMO) business, led by Group companies Selexis SA (Selexis) and KBI Biopharma, Inc. (KBI), Selexis posted solid revenue growth, while KBI achieved higher revenue on lower profit due to COVID-19-related supply-chain interruptions and a one-time accounting adjustment recorded in the previous fiscal year. Revenue from diagnostic reagent materials, bioprocess materials, and other products also climbed. The diagnostic reagent business of Medical & Biological Laboratories Co., Ltd. (MBL), which became a wholly owned subsidiary in the current fiscal year, grew steadily, contributing to overall higher revenue from the previous fiscal year.

As a result, the Life Sciences Business segment posted a core operating profit of 3,510 million yen (down 11.0%

year-on-year) on revenue of 55,197 million yen (up 9.3% year-on-year).

<Elastomers Business Segment>

The COVID-19 pandemic's impact on production of automobile tires, one of the segment's main customer industries, was compounded by temporary production stoppages or reductions at tire-maker plants in Europe and elsewhere intended to curb the spread of COVID-19. Consequently, yearly production was down from the previous fiscal year, although production began to recover in the second half of the year.

Amid these circumstances, the sales volume of Solution Styrene-Butadiene Rubber (SSBR), positioned as a strategic product, remained at the same level as the previous fiscal year, despite a year-on-year decline in worldwide tire production. Nevertheless, the Elastomers Business recorded lower revenue compared to the previous fiscal year, as the segment's overall sales volume was sluggish and sales prices slid because of a deterioration in raw-material market conditions. The segment posted a core operating loss for the full term as a result of revenue declines and narrower price spreads.

Consequently, the Elastomers Business segment's core operating loss expanded from 1,758 million yen to 11,420 million yen on revenue of 143,186 million yen (down 19.9% year-on-year).

<Plastics Business Segment>

The Plastics Business segment saw a drop in sales volume and revenue from the previous fiscal year, due to weaker demand resulting from the COVID-19 pandemic. Core operating profit fell due to the segment's sales volume decline.

As a result, the Plastics Business segment posted a core operating profit of 4,430 million yen (down 29.0% year-on-year) on revenue of 79,123 million yen (down 16.8% year-on-year).

2. Capital Expenditure

The JSR Group's capital expenditure totaled JPY 53.7 billion in the current fiscal year including those for expansion of production capacities for functional cleaning solutions at JSR Micro Inc., and expansion of production capacity at KBI Biopharma, Inc., its subsidiary in US, and other items.

3. Financing

In the current fiscal year, the JSR Group raised JPY 34.8 billion through the issuance of corporate bonds. The JSR Group did not procure funds through capital increases. The balance of interest-bearing debt of JSR Group at the end of the fiscal year was JPY 119.3 billion.

4. Issues to be addressed for the JSR Group

<Establishment of a New Business Policy>

In view of the global spread of COVID-19, JSR Group has decided to prioritize immediate crisis responses and postpone the announcement of a new mid-term business plan, which was to be established in conjunction with the conclusion of the JSR20i9 mid-term business plan at the end of FY ended March 2020 (FY 2019). The Group has, however, recently announced a management policy extending to FY ending March 2025 (FY 2024).

The management policy designates the Digital Solutions Business and Life Sciences Business as JSR Group's core businesses, as they are businesses that are vital for the ongoing development of society, are expected to see market growth, and can demonstrate the Group's strengths with their high demands for technological innovation. The Petrochemical Products Business, which is currently undergoing structural reforms, is not included in the management policy because a concrete mid-to-long-term vision for the business cannot be formulated at this time. The Group recognizes the necessity of structural reforms in the Petrochemical Products Business to be taken from a mid-to-long-term perspective, and the Group is undertaking structural reforms in the Elastomers Business — which is facing especially tough competitive conditions — to ensure the business's survival in the face of fundamental issues concerning its internal structure and the external business landscape.

The management policy's numerical targets for FY 2024 are revenue in excess of 300 billion yen from the two core businesses, record-high profit, and return on equity (ROE) in excess of 10 percent, as a result of expansion in the Digital Solutions Business and Life Sciences Business. Furthermore, the policy calls on the Group to manage and maximize the return on invested capital through ROIC for each business.

JSR will aim for sustainable growth to create value for all stakeholders and construct a truly resilient organization that can adapt to any external changes, in order to cope with the increasing complexity and uncertainty of the landscape surrounding its businesses.

Digital Solutions Business

In the Digital Solutions Business, JSR Group will concentrate resource allocation on the Semiconductor Materials Business to aggressively expand its size.

In the Semiconductor Materials Business, JSR Group will maintain and expand its share in the cutting-edge lithography materials market, amid expectations for greater semiconductor demand driven by faster communication speeds and increases in data communications and capacities. In this area, the Group is focusing particularly on development and sales of EUV lithography materials for 5 nm and subsequent generation processes. At the same time, JSR Group is concentrating on enlarging sales of semiconductor peripheral materials, especially mounting materials, advanced cleans, and CMP materials used in advanced semiconductor manufacturing, as well as broadening its product portfolio to achieve business growth that outperforms market growth. In FY 2020, a U.S. plant producing functional solvents for state-of-the-art semiconductors launched operations and made its first shipment. The new plant will establish a supply framework of functional solvents for state-of-the-art semiconductor manufacturing processes, as JSR Group endeavors to further expand its business in semiconductor materials.

In the Display Materials Business, JSR Group will optimize its product portfolio, push for greater sales — especially of its competitive alignment films and insulating films for wide-screen LCD panels — in the China market, where continued solid growth in the LCD panel market is anticipated, and promote responses to structural changes in customer industries. At the same time, the Group will continue with efforts in growth fields such as OLED materials and materials that can be processed at low temperatures, which aid the manufacture of high-luminance, high-performance LCD panels.

In the Edge Computing Business, JSR Group will work to further expand sales of near-infrared Ray (NIR) filters used chiefly in small smartphone cameras. These and other efforts will broaden the Group's Digital Solutions Business and contribute to digitalization around the world.

Life Sciences Business

In the short to medium term, the Life Sciences Business will focus on accelerating sales growth by increasing its pipeline (upfront investments) and creating Group synergies for the future. Expectations include an expansion in new contracts by the biologics Contract Development and Manufacturing Organization (CDMO) business provided by KBI and Selexis, an increase in multi-year contracts by Crown Bio's drug Contract Research Organization (CRO) business, expanded global adoption of diagnostic reagent materials and bioprocess materials, and stable growth of the diagnostic reagent and special antibody development business at Medical & Biological Laboratories Co., Ltd (MBL). In FY 2020, JSR decided to increase KBI's capacity in the U.S. and Europe and

Selexis' capacity in Europe. An increase in CDMO projects run by Selexis and KBI will drive future growth. Also in FY 2020, MBL was made a wholly owned subsidiary. This move allows JSR to proactively and freely support MBL's R&D and commercialization activities and enables MBL to put a greater focus on development continuity and utilize development outcomes in business.

<u>Next-Generation Research</u>

The JSR-Keio University Medical and Chemical Innovation Center (JKiC) — a joint research facility with Keio University's School of Medicine and the Keio University Hospital — engages in the development of innovative materials, products, and technologies. By bringing together medical insight and materials development expertise, JKiC drives research and development toward social implementation in four main fields: (1) precision medicine, (2) stem cell biology and cell-based medicine, (3) microbiomes, and (4) advanced medical devices. Research in the microbiome field, in which Keio University is a world leader, is showing progress, with JSR already acquiring an exclusive license to commercialize microbiome research outcomes.

The JSR Bioscience and informatics R&D Center (JSR BiRD), a new research lab that will perform next-generation research that includes life sciences research, is slated to open in FY 2021 in the Tonomachi District of Kawasaki. JSR BiRD will promote and accelerate the generation of new businesses. It will do this by aiding the development of JKiC research outcomes toward social implementation as well as by performing research that utilizes materials informatics, which involves the broad application of advanced digital technologies to materials technology development, and by practicing open innovation that makes testing facilities and offices available to many outside partners.

JSR Group is also enhancing its digital transformation efforts. It is pushing ahead with its transformation into an industry-leading digital company by incorporating digital technologies into all business areas, not just R&D. Through business generation and the data-driven development of innovative materials, including the development and application of advanced simulation technologies based on quantum science computing, the Group will improve both customer and employee experiences and provide value to stakeholders.

<Sustainability and Resilience>

JSR Group's aim, in line with its corporate mission, is to build good relations with its many stakeholders and to be a trusted and indispensable global company.
The Sustainability Management and Advancement Structure, led by the Sustainability Promotion Committee, was launched in June 2020. The move was made to promote sustainable activities that benefit all stakeholders by generating value through corporate activities as well as Corporate Social Responsibility (CSR) activities. As the Group aims to increase mid-term growth and corporate value based on its corporate mission, it will promote business activities and seek to elevate corporate value along the themes of organizational sustainability and resilience, amid a turbulent business landscape in which future prospects are uncertain.

<Initiatives on ESG Issues>

<u>Environmental (E)</u>

JSR Group contributes to global environmental conservation by means of business activities through its customers. It will continue to be proactive in taking on environmental conservation challenges, with the objective of achieving net-zero GHG emissions[*1] by 2050. The Group uses the scenario analyses contained in the TCFD[*2] recommendations, which JSR announced its support for in October 2020, to examine the business impacts of climate change and to construct a resilient corporate structure that can deal with any contingency.

*1. Net-zero emissions means eventually reducing CO2 emissions to zero.
*2. Short for the Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB). In June 2017, the FSB presented recommendations for the disclosure in financial reports of the effects that climate change risk has on financial institutions, companies, and governments.

Social (S)

JSR Group respects diversity and inclusion and is committed to maximizing the potential of all employees. It is working to increase the number of employees with high employee engagement*3 and plans to formulate employee engagement metrics. In support of this initiative, the first Group-wide employee engagement survey was conducted in FY 2020.

*3. A state in which employees understand the corporate mission and policies, trust the company, and are motivated to contribute.

Corporate Governance (G)

Overview of the JSR Board of Directors

The JSR Board of Directors consists of six internal directors, including the Representative Director & CEO, and three independent outside directors with vast expertise in corporate management and financial operations. One standing audit & supervisory board member and two independent outside audit & supervisory board members, who are experts in legal affairs, including financing, accounting, taxation, and corporate law, attend all meetings of the Board.

In order to address rapid transformations in the business landscape, such as globalization, IT, and digitalization, JSR is working to further the diversity of its Board of Directors based on the findings of the Nomination Advisory Committee, where independent outside directors constitute a majority of the members and whose chair is a lead independent outside director. In FY 2020, the Company appointed a female director from within the company.

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

The five-person Nomination Advisory Committee is chaired by a lead independent outside director and consists of three independent outside directors (including the chair) along with the Representative Director & CEO and the Representative Director, President & COO. The Committee carries out objective and long-term examinations of nominations and removals / dismissals of the CEO and President, the Board of Directors' composition and elections, the Group's management structure, and succession plans for key management posts.

In FY 2020, the CEO and President reported on the annual management activities to the Committee, which reviewed the annual management activities. The Committee also examined plans for future successors to management posts as well as the Board of Directors' composition and elections.

Assurance of Fairness and Transparency in the Directors' Remuneration Scheme (Initiatives by the Remuneration Advisory Committee)

The five-person Remuneration Advisory Committee, which is chaired by a lead independent outside director and consists of three independent outside directors (including the chair) along with the Representative Director & CEO and the Representative Director, President & COO, after consulting data and recommendations from outside organizations and taking each fiscal year's business performance and other factors into consideration, reports its findings to the Board of Directors on a fair, transparent, and competitive remuneration framework and remuneration amounts as well as a policy on director remuneration.

In FY 2020, the Committee, as in other years, verified the validity of the remuneration framework, remuneration amounts, and the policy on director remuneration against benchmark data. It also engaged in revising the remuneration framework, including the introduction of new performance-based stock compensation scheme.

Summary of the Results of the JSR Board of Directors' Effectiveness Evaluation

The JSR Board of Directors conducts an annual effectiveness evaluation of the Board of Directors as a way of seeking to maximize JSR's corporate value through improved Board effectiveness. The FY 2020 effectiveness evaluation findings reached the conclusion that the JSR Board of Directors is functioning effectively. Effectiveness evaluations will continue to be performed.

A summary and the results of the FY 2020 effectiveness evaluation are given on the next page.

Reduction of Cross-Shareholdings

The Board of Directors reviews the status and the policies for holding individual cross-shareholdings — taking such factors into consideration as the purpose of holding the shares, potential risk and expected return, and cost of capital required to hold individual shares — and promotes the optimization and reduction of cross-shareholdings in line with existing policies.

Risk Management Initiatives

In response to the COVID-19 pandemic, JSR Group, as a member of the materials industry that supports essential industries worldwide, is working to continue its economic activities by taking various measures to ensure corporate activities can be performed safely. These measures include enacting a standard of conduct to maintain operations at the Group's main production, research, and development sites in Japan, Asia, Europe, and America, the supply and mandatory use of personal protective equipment, sharing of information with employees worldwide, and the establishment of telework systems at each site. While respecting the cultural differences and unique circumstances of business sites around the world, JSR Group is committed to risk management and business continuity through centralized management of information leading to appropriate actions.

JSR Group is committed to tackling the issues presented above and taking actions globally without delay under the leadership of the CEO and President.

<< Reference >>

Summary of the FY2020 Board of Directors Effectiveness Evaluation and its Results

1. Overview of the evaluation results

1) Evaluation process

We have conducted a questionnaire survey targeting our company's nine directors (including three independent outside directors) as well as three audit & supervisory board members (including two independent outside auditors). We have 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 as well as the comments expressed in the questionnaire. To improve objectivity in the FY2020 evaluation process, we have hired a third party that has expertise in the fields of interviewing the Representative Director / CEO and the Representative Director / COO, analyzing and evaluating the results of the questionnaire as well as reporting those results to the board of directors.

2) Conclusion

We have reached the conclusion that "our company's board of directors is functioning effectively."

3) Primary reasons why we have come to the conclusion that our company's board of directors is functioning effectively

・Our company's board of directors comprises inside and outside directors as well as audit & supervisory board members. The board has the right composition in terms of diversity (e.g. nationality, gender, etc.). The board of directors is functioning as a meeting structure to encourage discussions on improving the mid-to long-term corporate value as well as the supervision of operations execution while the members of the board are making use of their experiences and knowledge respectively.
・To run the board of directors, significant management challenges, risks, etc. are brought up for discussion in a timely manner, and sufficient information is provided to outside board members prior to board meetings so that they can participate in free and lively discussions that will take place during the board meetings.
・The Nomination Advisory Committee and the Remuneration Advisory Committee have the adequate composition respectively, and the members of these committees adequately report the results of their discussions to the board after having sufficient discussions while ensuring independence and objectivity. By doing so, these two committees reinforce the supervisory functions of the board of directors.
・The board of directors considers that communicating with investors and shareholders is their significant role and responsibility. The board strives to reflect capital market expectations in the company's operations as well as the performance of their duties and to maximize corporate value by having discussions on the status of their activities every quarter and talking directly with shareholders and investors.

4) Important points that we should take note of in the results of the evaluation

The board members made comments, proposals, or pointed out problems on almost all the evaluation items when answering open-ended questions in the questionnaire. The following are the key points that they have made in this year's survey (please refer to 3. Evaluation Method for the evaluation items).

(Excellent points)

(1) Outside directors account for more than a third of the board. The director from a different country and the female director are members of the board. The composition of our board of directors is adequate in terms of the balance between knowledge, experience, and capability as well as diversity.
(2) The board members have a common understanding of the significant management challenges (implement growth strategies, carry out structural reforms, etc.) and business environment risks (trends in environmental problems, geopolitical risks, etc.) and are having sufficient discussions on those challenges and risks at board meetings.
(3) Outside directors and audit & supervisory board members have a collaboration system in place outside the board of directors. They communicate with each other and prepare for discussions that will take place during board meetings.

(Points that require improvement)

(1) To further promote digital transformation across the entire JSR Group, we need a person who has expertise in the IT and digital fields. It is preferable to appoint someone who has management experience in the relevant fields as outside director. It is also preferable for us to continue discussions on the composition of the board, for example changing its composition so that the board will have more outside directors (= a higher percentage of outside directors).

(2) To further deepen discussions in board meetings, we need to reinforce our support system for outside directors by giving them more opportunities for training, education, and provision of information on JSR Group's businesses.

(3) It is desirable that the Remuneration Advisory Committee continuously review and revise the remuneration system from a global standpoint.

(4) Since the board of directors deeply realizes the importance of sustainability management, they need to further discuss specifically what types of activities they should promote to support the sustainability management.

2. Future activities

The board of directors will discuss the following significant challenges that they have confirmed while evaluating the effectiveness of the board as well as the changes in external environment (environmental problems and geopolitical risks such as the US-China relations, etc.) that have an impact on the challenges. The board will also monitor the progress of the activities that have been implemented to address these challenges while also identifying the changes in roles and qualities necessary for the board of directors, and continuously reviewing and revising the composition of the board and its discussion topics.

(Significant management challenges)

(1) Establish a resilient business structure and reinforce the management system so that the company can respond to changes in business environment.

(2) Implement growth strategies for the company's core businesses, the semiconductor and life sciences businesses.

(3) Carry out the structural reforms of the elastomer business.

(4) Address challenges to achieve sustainable business growth (e.g. carbon neutrality).

(5) Continue to invest in innovations including digital transformation.

5. Development of Assets and Business Results

Financial Outlook for the next fiscal year

Category		FY ended March 2018	FY ended March 2019	FY ended March 2020	FY ended March 2021	FY ending March 2022
Revenue	JPY million	421,930	495,354	471,967	446,609	468,000
Core Operating Profit	JPY million	–	–	33,236	25,963	53,000
Operating profit	JPY million	43,569	45,261	32,884	△61,633	53,000
Profit attributable to owners of parent	JPY million	33,230	31,116	22,604	△55,155	32,000
Basic earnings per share	JPY	149.32	140.62	104.38	△256.73	148.90
Total Assets	JPY million	647,699	691,435	677,713	672,773	
Total Equity	JPY million	411,615	440,360	437,412	370,736	

(Notes)
1. Core operating profit is calculated as operating profit excluding certain gains and expenses attributable to non-recurring factors.
2. The group has classified the Lithium-ion capacitor business as discontinued operations from the Fourth Quarter of FY ended March 2020. Revenue, core operating profit, operating profit and profit before tax are presented for the amount of continuing operations. The figures of FY ended March 2019 were shown in the same manner.
3. Financial Outlook provided in the table right hand side is based on information available at the time of writing and assumptions deemed reasonable, however, actual results may differ materially depending upon various factors.

<< Reference >>

	FY ended March 2020	FY ended March 2021
core operation profit（100 million）	332	260
Loss on sales of shares of subsidiaries and affiliates（100 million）	4	–
Business restructuring expenses（100 million）	–	874
extra retirement allowance（100 million）	–	2
operation profit（100 million）	329	△ 616

(Note) Business restructuring expenses consist of impairment of the Elastomer Business and costs related to structural reforms in the Elastomer Business, the Display Materials Business and the Life Science Business.

6. Principal Subsidiaries and Affiliates (as of March 31, 2021)

(1) Principal Subsidiaries

Company Name	Capital	Shareholding ratio (%)	Main business
ELASTOMIX Co., Ltd.	JPY 416 million	98.5	Production and sale of carbon master batches and rubber compounds
ELASTOMIX (THAILAND) CO., LTD.	TBH 75 million	90 (65)	Production and sale of carbon master batches and rubber compounds
JSR BST Elastomer Co., Ltd.	THB 5,220 million	51	Production and sale of solution polymerized SBR (SSBR)
JSR MOL Synthetic Rubber Ltd.	EUR 18 thousand	51	Production and sale of solution polymerized SBR (S-SBR)
Emulsion Technology Co., Ltd.	JPY 168 million	100	Production and sale of latex compounds
Techno-UMG Co., Ltd.	JPY 3,000 million	51	Production, processing and sale of plastics
JAPAN COLORING CO., LTD.	JPY 280 million	100	Production and sale of plastics color compounds
JSR Micro N.V.	EUR 11,155 thousand	100	Production and sale of semiconductor materials, production and sale of life sciences products
JSR Micro, Inc.	USD 34,638 thousand	100 (100)	Production and sale of semiconductor materials, sale of life sciences products
JSR Micro Korea Co., Ltd.	KRW 2,000 million	100	Research, development, production and sale of display materials
JSR Micro Taiwan Co., Ltd.	NTD 200 million	100	Research, development, production and sale of display materials
JSR Micro (Changshu) Co., Ltd.	RMB 210 million	51	Production of display materials
JSR North America Holdings, Inc.	USD 29,892 thousand	100	Overseeing businesses in North America and global operation of Life Sciences Businesses
MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.	JPY 4,483 million	100	Research, development, manufacturing, import, export and sale of reagents for medical and biological applications
KBI Biopharma, Inc.	USD 49,867 thousand	90	Contract development and manufacturing of biopharmaceuticals
Selexis SA	CHF 288 thousand	100	Contract development and generation of cell-lines
Crown Bioscience International	USD 44,811 thousand	100	Services to support drug development in pre-clinical phases
JSR Trading Co., Ltd.	JPY 480 million	100	Procurement, sale and import and export of chemicals, etc., casualty's insurance agency and life insurance solicitation

(Notes)
1. Among the consolidated subsidiaries of the Company both in Japan and overseas, only major subsidiaries are disclosed in the list above considering business forms and/or the amount of sales, etc.
2. Figures in the above "Capital" column are rounded to the unit numbers indicated in each column.
3. Figures in the above "Shareholding ratio" column, rounded to one decimal place, represent shareholding ratio owned by the Company and its subsidiary as a whole while those in the brackets in the right-hand side indicate the ratio owned by subsidiary of the Company.

(2) Principal Affiliates

Company Name	Capital	Shareholding ratio (%)	Main business
Japan Butyl Co., Ltd.	JPY 3,168 million	50	Production and sale of butyl rubber
Kumho Polychem Co., Ltd.	KRW 21,500 million	50	Production, purchasing and sale of ethylene propylene rubber (EPDM)
KRATON JSR ELASTOMERS K.K.	JPY 1,500 million	50	Production and sale of thermoplastic elastomers (TPE)

(Notes)
1. Among the non-consolidated affiliates of JSR in Japan and overseas, only major affiliates are disclosed in the list above considering the light of business forms and/or the amount of sales, etc.
2. Figures in the above "Capital" column are rounded to the unit numbers indicated in each column.

7. Major Business Activities (as of March 31, 2021)

Manufacturing and sales of the following products

Business Segments		Products / Materials
Digital Solutions Business	Semiconductor Materials	Lithography materials (photoresists, multi-layered materials), packaging materials, cleaning solutions CMP materials, etc.
	Display Materials	Color liquid crystal display (LCD) materials, Organic electroluminescence display materials, etc.
	Edge Computing	Heat-resistant transparent resin and functional film, stereolithography, etc.
Life Sciences Business		Services to support drug development, vitro reagents for diagnostics and/or research, raw materials for such reagents, bioprocess materials, etc.
Elastomers Business	Synthetic Rubbers	Synthetic rubber such as styrene butadiene rubber, polybutadiene rubber, ethylene propylene rubber, etc. and carbon master batches and rubber compounds
	TPEs	Thermoplastic elastomers and processed products
	Emulsions	Paper coating latex, general purpose industrial latex, acrylic emulsion, latex compounds, High functional dispersants, industrial particles, materials for thermal barrier coatings, materials for batteries, etc. etc.
	Others	Chemical products such as butadiene monomer
Plastics Business		ABS resin, AES resin, AS resin, ASA resin, etc.
Other Business		Export, purchase and sale of various chemicals and distribution materials.

8. Sales Offices, Plants, and other facilities (as of March 31, 2021)

(1) The Company

Head Office	1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo		
Business & Sales Office	Nagoya Branch		Nagoya, Aichi
Plants	Yokkaichi Plant		Yokkaichi, Mie
	Chiba Plant		Ichihara, Chiba
	Kashima, Plant		Kamisu, Ibaraki
Research Institutes	Yokkaichi Research Center	Performance Polymer Research Laboratories	Yokkaichi, Mie
		Display Solution Research Laboratories	Yokkaichi, Mie
		Fine Electronic Materials Research Laboratories	Yokkaichi, Mie
		Edge Computing Research Laboratories	Yokkaichi, Mie
	Tsukuba Research Laboratories		Tsukuba, Ibaraki
	JSR-Keio University Medical and Chemical Innovation Center		Shinjuku-ku, Tokyo
	JSR-UTokyo Collaboration Hub, CURIE		Bunkyo-ku, Tokyo
Branch Offices	Taiwan Branch		Taiwan

(2) Principal Subsidiaries and Affiliates

Business Segments	Company	Location of Head Office
Digital Solutions Business	JSR Micro N.V.	Belgium
	JSR Micro, Inc.	United States
	JSR Micro Korea Co., Ltd.	South Korea
	JSR Micro Taiwan Co., Ltd.	Taiwan
	JSR Micro (Changshu) Co., Ltd.	China
Life Sciences Business	JSR North America Holdings, Inc.	United States
	MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.	Nagoya, Aichi
	KBI Biopharma, Inc.	United States
	Selexis SA	Switzerland
	Crown Bioscience International	United States
Elastomers Business	ELASTOMIX Co., Ltd.	Yokkaichi, Mie
	ELASTOMIX (THAILAND) CO., LTD.	Thailand
	JSR BST Elastomer Co., Ltd.	Thailand
	JSR MOL Synthetic Rubber Ltd.	Hungary
	Japan Butyl Co., Ltd.*	Kawasaki, Kanagawa
	Kumho Polychem Co., Ltd.*	South Korea
	KRATON JSR ELASTOMERS K.K.*	Minato-ku, Tokyo
	Emulsion Technology Co., Ltd.	Yokkaichi, Mie
Plastic Business	Techno-UMG Co., Ltd.	Minato-ku, Tokyo
	JAPAN COLORING CO., LTD.	Yokkaichi, Mie
Other Business	JSR Trading Co., Ltd.	Minato-ku, Tokyo

(Notes)
1. [*] denotes principal affiliates
2. JSR North America Holdings, Inc. oversees North American Business of Digital Solutions Businesses and global

operations of Life Sciences Businesses through its 100% subsidiaries. In addition, JSR NV Inc. is also involved in manufacturing and marketing Life Sciences product.

9. Employees (as of March 31, 2021)

Number of employees	Increase/decrease from previous term
9,383	Increase by 333

10. Major Lenders (as of March 31, 2021)

Lenders	Outstanding amount of loans
Mizuho Bank, Ltd.	JPY 42.4 billion
MUFG Bank, Ltd.	JPY 205 billion
Sumitomo Mitsui Banking Corporation	JPY 91 billion

(Notes)
1. The above lenders are those for the JSR Group.
2. The amount from the above lenders includes loans from their respective subsidiaries.

11. Transfer and acceptance of important business, acquisition and disposal of shares of other companies, etc.

The Company made its subsidiary, Institute of Medical and Biological Sciences, a wholly-owned subsidiary through a tender offer in January 2021.

Ⅱ Shares of the Company (as of March 31, 2021)

1. **Total number of shares authorized to be issued** 696,061,000 shares
2. **Total number of issued shares** 226,126,145 shares
3. **One unit of shares** 100
4. **Number of shareholders** 12,752
5. **Major shareholders**

Name of shareholder	Investments in the Company	
	Number of shares held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	20,216	9.41
STATE STREET BANK AND TRUST COMPANY 505010	18,836	8.76
Custody Bank of Japan, Ltd. (trust account)	12,479	5.81
GOLDMAN SACHS & CO. REG	10,116	4.71
MSCO CUSTOMER SECURITIES	6,696	3.12
Bridgestone Corporation	6,525	3.04
Nippon Life Insurance Company	3,717	1.73
Morgan Stanley MUFG Securities Co., Ltd.	3,692	1.72
Meiji Yasuda Life Insurance Company	3,631	1.69
Custody Bank of Japan, Ltd. (trust account7)	3,461	1.61

(Notes)
1. The numbers in the columns under “Number of shares held” are rounded to thousands of shares.
2. The Company is not included in the table above although it holds 11,223,335 treasury shares.
3. The shareholding ratio is calculated by using 214,902,810 shares (calculated by deducting number of treasury shares from Total number of issued shares 226,126,145 shares) and rounded to two decimal places.

<< Reference >>

Distribution of shares by nature and size of shareholders

By nature of shareholders	%
Foreign investors	47.15
Domestic Financial Institutes	40.90
Other Domestic Companies	6.09
Individuals and others	5.86

By size of shareholders	%
1,000 units or more	90.29
500 units or more	2.73
50 units or more	4.07
1 unit or more	2.89
Less than 1 unit	0.02

(Note) The ratios in the above tables are calculated by applying similar formula to that in “5. Major Shareholders” above.

6. Status of shares delivered to Company Officers as consideration for execution of duties during the current business year

	Number of recipients	Type of Shares	Number of Shares
Directors (Excluding Outside Directors)	6	Common shares of the Company (restricted stock shares)	59,600
Outside Directors	0	-	-
Audit & Supervisory Board Members	0	-	-

III Matters Related to Stock Acquisition Rights (subscription rights to shares) of the Company (as of March 31, 2021)

1. Stock Acquisition Rights Held by the Directors and Audit & Supervisory Board Members of the Company (as of March 31, 2021)

Description	Name of stock acquisition rights (issuing date)	The number of stock acquisition rights	Class and number of shares to be issued upon exercising the rights	Amount to be paid per share for exercising the rights	Period for exercising stock acquisition rights	Number of holders
Directors	JSR Corporation Stock acquisition rights for 2005 (June 17, 2005)	37 units	Ordinary shares 3,700 shares	JPY 1	From June 18, 2005 to June 17, 2025	2
	JSR Corporation Stock acquisition rights for 2006 (for Directors) (August 1, 2006)	23 units	Ordinary shares 2,300 shares	JPY 1	From August 2, 2006 to June 16, 2026	1
	JSR Corporation Stock acquisition rights for 2006 (for Officers) (August 1, 2006)	8 units	Ordinary shares 800 shares	JPY 1	From August 2, 2006 to June 16, 2026	1
	JSR Corporation Stock acquisition rights for 2007 (July 10, 2007)	46 units	Ordinary shares 4,600 shares	JPY 1	From July 11, 2007 to July 10, 2027	2
	JSR Corporation Stock acquisition rights for 2008 (July 15, 2008)	96 units	Ordinary shares 9,600 shares	JPY 1	From July 16, 2008 to July 15, 2028	3

Description	Name of stock acquisition rights (issuing date)	The number of stock acquisition rights	Class and number of shares to be issued upon exercising the rights	Amount to be paid per share for exercising the rights	Period for exercising stock acquisition rights	Number of holders
	JSR Corporation Stock acquisition rights for 2009 (July 14, 2009)	167 units	Ordinary shares 16,700 shares	JPY 1	From July 15, 2009 to July 14, 2029	3
	JSR Corporation Stock acquisition rights for 2010 (July 13, 2010)	175 units	Ordinary shares 17,500shares	JPY 1	From July 14, 2010 to July 13, 2030	3
	JSR Corporation Stock acquisition rights for 2011 (July 12, 2011)	219 units	Ordinary shares 21,900 shares	JPY 1	From July 13, 2011 to July 12, 2031	4
	JSR Corporation Stock acquisition rights for 2012 (July 10, 2012)	265 units	Ordinary shares 26,500 shares	JPY 1	From July 11, 2012 to July 10, 2032	4
	JSR Corporation Stock acquisition rights for 2013 (July 16, 2013)	42 units	Ordinary shares 4,200 shares	JPY 1	From July 17, 2013 to July 16, 2033	2
	JSR Corporation Stock acquisition rights for 2014 (July 30, 2014)	52 units	Ordinary shares 5,200 shares	JPY 1	From July 31, 2014 to July 30, 2034	2
	JSR Corporation Stock acquisition rights for 2016 (July 27, 2016)	70 units	Ordinary shares 7,000 shares	JPY 1	From July 28, 2016 to July 27, 2021	2

(Note) The Company has not issued stock acquisition rights either to its Audit & Supervisory Board Members or Outside Directors as remuneration for exercising their respective duties.

2. Stock acquisition rights issued to employees during the current fiscal year

The Company ceased to grant stock acquisition rights either to its Directors or Officers from the current fiscal year and instead granted restricted stock shares to them from July 2017 upon resolution of the 72nd ordinary general meeting of shareholders held on June 16, 2017.

IV Matters Related to Directors and Audit & Supervisory Board Members

1. Directors and Audit & Supervisory Board Members of the Company (as of March 31, 2021)

Position	Name	Title and Responsibilities as Officers and Important concurrent positions held, etc.
Representative Director,	Eric Johnson	CEO of JSR Responsible for North American Business President of JSR North America Holdings, Inc
Representative Director	Nobuo Kawahashi	President and COO
Director	Mitsunobu Koshiba	Outside Director, Idemitsu Kosan Co., Ltd. Outside Director, A Holdings Co., Ltd.
Director	Koichi Kawasaki	Executive Managing Officer responsible for Manufacturing and Technology, Product Safety & Quality Assurance, Safety and Environment Affairs, Human Resources, and Diversity Development President of Japan Butyl Co., Ltd.
Director	Hideki Miyazaki	Managing Officer responsible for Accounting, Finance, Corporate Communications, IT Strategy, Cyber Security Management, and Business Process Renovation
Director	Mika Nakayama	Senior Officer, Sustainability Promotion, General Manager of Sustainability Promotion Dept.
Director	Yuzuru Matsuda	Outside Director, KUBOTA Corporation, and Outside Director, BANDAI NAMCO Holdings Inc.
Director	Shiro Sugata	Corporate Advisor USHIO INC. Outside Director, Yokogawa Electric Corporation Outside Director, Yamato Holdings Co., Ltd.
Director	Tadayuki Seki	Advisory Member, ITOCHU Corporation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, PARCO CO., LTD. Outside Director, VALQUA, LTD. Outside Audit & Supervisory Member of Asahi Mutual Life Insurance Company
Full-time Audit & Supervisory Board Member	Tomoaki Iwabuchi	
Audit & Supervisory Board Member	Hisako Kato	Certified Public Accountant, Certified Tax Accountant, and Representative, Hisako Kato Accounting Office
Audit & Supervisory Board Member	Moriwaki Sumio	Lawyer, Partner, ISHII LAW OFFICE, and Outside Director, Topy Industries Limited

(Notes)
1. Messrs. Yuzuru Matsuda, Shiro Sugata, and Tadayuki Seki are Outside Directors.
2. Ms. Hisako Kato and Mr. Sumio Moriwaki are Outside Audit & Supervisory Board Members.
3. Ms. Hisako Kato, Audit & Supervisory Board Member, is a certified public accountant both in Japan and US and a certified tax accountant, having sufficient knowledge of financing and accounting.
4. Messrs. Yuzuru Matsuda, Shiro Sugata and Tadayuki Seki, Directors, and Ms. Hisako Kato and Mr. Sumio Moriwaki, Audit & Supervisory Board Members are registered as independent directors/auditors at Tokyo Stock Exchange in accordance with its definitions
5. The Company has entered into an agreement with each of Outside Directors and Audit & Supervisory Board Members that limits the liabilities under Paragraph 1 of Article 423 of the Companies Act to the maximum amount set forth under Paragraph 1 of Article 425 thereof.

<< Reference >>: Officers of the Company (as of March 31, 2021)

Position	Name	Responsibilities and Title
Executive Managing Officer	Koichi Kawasaki*	Responsible for Manufacturing and Technology, Product Safety & Quality Assurance, and Safety and Environment Affairs, Human Resources, Diversity Development and Director, President of Japan Butyl Co., Ltd.
Managing Officer	Hayato Hirano	Responsible for overall control of Elastomer Business and Plastics Businesses
Managing Officer	Katsuya Inoue	Responsible for Corporate Planning (including Group Companies Coordination), Business Planning and investment, Emerging Business and Office of CEO, General Manager of Corporate Planning Dept., and Office of CEO, and Executor of JSR Active Innovation Fund LLC
Managing Officer	Hideki Miyazaki*	Responsible for Accounting, Finance, Corporate Communications, IT Strategy, Cyber Security Management, and Business Process Renovation
Managing Officer	Tadahiro Suhara	Responsible for overall control of Digital Solution Businesses Representative Director of JSR Micro Korea Co., Ltd
Senior Officer	Kazumasa Yamawaki	Responsible for Plastics Businesses, President of Techno UMG
Senior Officer	Makoto Doi	Responsible for Legal Affairs, General Affairs and Secretarial Office General Manager of Legal Dept.
Senior Officer	Yoshikazu Yamaguchi	Responsible for Display Solution Business Responsible for Electronic Materials Business, General Manager of Electronic Materials Div. and President of ETEC
Senior Officer	Kazushi Abe	Responsible for Elastomer Business General Manager of Elastomer Div., President of ELASTOMIX CO., LTD. President of KRATON JSR ELASTOMERS K. K., Representative Director of JSR Elastomer Europe GmbH President of ELASTOMIX（FOSHAN）CO., LTD.
Senior Officer	Mika Nakayama*	Sustainability Promotion, General Manager of Sustainability Promotion Dept.
Senior Officer	Kouichi Saeki	Responsible for Yokkaichi Plant, Yokkaichi Plant Manager and General manager of Administration Dept. Yokkaichi Plant
Senior Officer	Seiji Takahashi	Responsible for Manufacturing and Technology (deputy), Procurement, and Logistics, General Manager of SSBR Global Manufacturing & Technology Management Dept.
Officer	Eiichi Kobayashi	Executive Vice President of JSR North America Holdings, Inc.
Officer	Yoichi Mizuno	Responsible for Edge Computing Business and General Manager of Edge Computing Div.
Officer	Yasufumi Fujii	General Manager of Internal Audit Office

Position	Name	Responsibilities and Title
Officer	Mikio Yamachika	Responsible for Manufacturing and Technology (deputy),
Officer	Tim Lowery	Responsible for Life Sciences Business, General Manager of Life Sciences Div. and President of JSR Life Sciences LLC/
Officer	Koichi Hara	Vice President of JSR North America Holdings, Inc.
Officer	Junichi Takahashi	Responsible for Product Safety & Quality Assurance (Deputy) General Manager of Product Safety & Quality Assurance Dept.
Officer	Keisuke Wakiyama	Responsible for Display Solution Business. Responsible for China Business, General Manager of Display Solution Business Div. Responsible for China Business, Chairman of JSR (Shanghai) Co., Ltd. and Chairman of JSR Display Technology (Shanghai) Co., Ltd. Chairman of JSR Micro（ Shanghai） Co., Ltd.
Officer	Ichiko Shibuya	Responsible for Legal Affairs (Deputy)
Officer	Toru Kimura	Responsible for Research & Development (CTO) General Manager of Research & Development General Manager of RD Technology・Digital Transformation Center
Officer	Yutaka Yoshimoto	Responsible for Office of President, General Manager of Office of President
Officer	Hiroaki Tokuhisa	Research & Development (Deputy) General Manager of Yokkaichi Research Center General Manager of Performance Polymer Research Laboratories General Manager of Tire Materials Technology Development Center

(Note) [*] denotes Officers concurrently serving as Directors

2. Policies for Determining Amount of Remuneration for Directors and Audit & Supervisory Board Members or the Method of Calculation thereof

(1) Principles on remuneration for Directors and Audit & Supervisory Board Members

In order to maintain the competitive advantages of JSR Group as a global company, the Company has established principles on remuneration for directors and audit & supervisory board members which enables the Company to develop and recruit internationally competitive and diverse human resources capable of managing the businesses, and to provide incentives for its directors that are aligned with the benefit of its shareholders, and to encourage and motivate is management, while maintaining the transparency and accountability, to achieve accomplishment of the management strategies and business strategies of the Company.

Remuneration framework should:

i) 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;

ii) encourage the management to demonstrate healthy entrepreneurial spirits by motivating them to achieve the objectives of business strategies aiming at continuous growth; and

iii) promote medium to long term improvement in corporate value by sharing the benefit between management and shareholders via the reinforcement of stock ownership during his/her term of office as directors.

(2) Remuneration Governance

i) Procedures for determining remuneration, etc.

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

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

ii) Items for deliberation and reports by the Remuneration Advisory Committee

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

Eligible persons for remuneration:

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

Items for deliberation:

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

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

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

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

(3) Remuneration framework of the Company

i) Remuneration Structure

Remuneration for directors of the Company consists of basic remuneration, annual bonuses linked to the annual business performance of the Company, and mid-term performance-based bonuses that are linked to the level of achievement of medium to long term business results and restricted stock shares as remuneration designed to facilitate earlier sharing of corporate values between directors and the shareholders of the Company (non-monetary remuneration). However, remuneration for outside directors and audit & supervisory board members, in light of their roles, consists only of basic remuneration. Remuneration for the Chairperson consists of 3 (three) types of remunerations: a fixed basic remuneration, a medium-term business performance-based bonus, and restricted stock shares as remuneration in a similar manner as described above. Performance based annual bonus is excluded, however, in light of the role of the Chairperson of the board who is responsible for monitoring and supervising the board while striving to improve corporate value from a perspective different from that of executive directors engaged in the business execution.

ii) 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 annual benchmarking study by using the remuneration database possessed by a third party consultant specialized in remuneration for executives and by comparing with the companies whose size, type, and line of business are similar to those of the Company.

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

iii) Remuneration composition for directors (excluding outside directors)

The Company has a policy to increase the portion of performance-linked remuneration for directors who assume heavier responsibilities for corporate management. Based on this policy, the Company determines the level of remuneration for directors depending on their responsibilities and title considering the latent risks involved in achieving performance targets while increasing the portion of performance-linked remuneration for senior directors.

The Company determines the remuneration composition for CEO, who concurrently oversees the businesses in North America by using a survey results by an outside specialist institution on level, composition and mixture for directors' remuneration prevailing in the region where the director in question is responsible for.

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

		Basic remune ration	Performance-linked remuneration			Basic remuneration vs. performance-linked remuneration
			Annual bonus	Mid-term performance-linked bonus	Restricted Stock Shares	
Directors (excluding Outside Directors)	CEO	100	100	About 133	About 67	100 : 300
	President	100	30	50	25	100 : 105
	Chairperson	100	0	50	25	100 : 75
	Concurrently serve as Executive Managing Officer /Managing Officer /Senior Officer	100	25	30	15	100 : 70

(note) Senior Managing Executive Officers and persons who concurrently serve as Directors in their subordinate positions shall receive an allowance separately from the above table.

(4) Outline of each remuneration and its determination method

i) Basic remuneration

a. Basic remuneration for Directors is paid on a monthly basis, it is resolved at the 74th ordinary general meeting of shareholders held on June 18, 2019 that the maximum amount of basic remuneration for directors is JPY 60 million per month (inclusive of JPY 10 million per month for outside directors). The number of Eligible Directors was nine (Five internal directors and four external directors) at the end of 74th ordinary general meeting of shareholders.

b. Basic remuneration for Audit & Supervisory Board Members is paid on a monthly basis, it is resolved at the 60th ordinary general meeting of shareholders held on June 17, 2005 that the maximum amount of basic remuneration for audit & supervisory board members is JPY 10 million per month. The number of Audit & Supervisory Board Members were four (3 Full-time Audit & Supervisory Board Members and 1 outside Audit & Supervisory Board Member) at the end of 60th ordinary general meeting of shareholders.

c. Basic remuneration for Directors is determined by resolution of the BOD based on deliberations and recommendations by the Remuneration Advisory Committee, in accordance with the rank of the Directors.

d. The amount of remuneration for audit & supervisory board members is determined through consultation with audit & supervisory board members.

ii) Annual bonuses

a. It is resolved at the74th ordinary general meeting of shareholders held on June 18, 2019 that the Company may pay, in accordance with the resolution of the BOD based on review and deliberation of the Remuneration Advisory Committee, annual bonuses to its directors excluding outside directors subject to the maximum annual amount for JPY432 million and to variable payout ratio from 0% to 200% at maximum reflecting the degree of the achievement of the annual targets set forth at the beginning of each fiscal year. The number of Eligible Directors was five (Five internal directors) at the end of 74th ordinary general meeting of shareholders.

b. The Company uses consolidated sales revenue (= a source of its corporate activities) and consolidated core operating profit (= shows the quality of its core business activities) as the performance evaluation indices for annual bonuses linked to the performance of the Company for a single fiscal year (50:50 ratio). The company has been engaged in structural reforms to achieve medium- to long-term growth and increase in corporate value, and since fiscal 2020, consolidated core operating profit has been used in place of operating profit, after deduction of losses and other nonrecurring losses arising from structural reforms. The company believes that this indicator is useful in the management of each segment and for users of the consolidated financial statements to measure the company's recurring segment profit or loss.

c. The Company calculates a payout ratio according to the level of achievement relative to its goal within the range of 0 – 200% as shown in the table below. As for the performance goal, it is finalized at a Board of Directors meeting after the Remuneration Advisory Committee has verified its adequacy. At the end of a fiscal year, the Remuneration Advisory Committee calculates and evaluates the amount of payment, and the Board of Directors determines the standard amount of the payment for each position and the remuneration is paid at a certain time every year.

The target range of performance and payout ratio of annual bonuses for FY2020

	Range of payout ratio according to the level of achievement relative to performance goal		
Payout ratio	0%	100% (goal)	200%
Consolidated sales revenue	JPY 368.7 billion or lower	JPY 420.0 billion	JPY 471.3 billion or higher
Consolidated core operating profit	JPY 4.5 billion or lower	JPY 19.5 billion	JPY 34.5 billion or higher

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

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

e. The CEO concurrently serves as the President of JSR North America Holdings, Inc. that oversees the life sciences business, and also takes charge of the business in North America. Therefore, to calculate the amount of the CEO's annual bonus, the Company has adopted a calculation method of multiplying the performance evaluation of the life sciences business (business sales revenue: business core operating profit = coefficient 0.75-1.25 based on the composition ratio of 50:50). As a result, the bonus payout ratio for the CEO has been set within the range of 0% -200%. If actual payout ratio exceeds 200%, the cap is 200%. The payout ratio for the CEO is determined according to the calculation result obtained by the abovementioned method.

f. For the CEO and the President, in addition to the company-wide performance-linked portion described in c. above (90%), a non-financial evaluation portion (10%) has been established for the progress of company-wide business structure reforms. The non-financial evaluation portion is discussed by the Remuneration Advisory Committee, and the payment amount for the non-financial evaluation portion is determined by the Board of Directors within the range of 0% to 200%, reflecting the discussion of the Remuneration Advisory Committee.

g. The annual bonuses for directors concurrently serving as Executive Managing Officer, Managing Officer and Senior Officer consist of the part linked to the performance of the entire company (70-80%) and the other part linked to the individual performance (20-30%). The part linked to the performance of the entire company is determined according to the calculation method described in c. above. As for the part linked to the individual performance, The CEO (Eric Johnson) and President (Nobuo Kawahashi) finalize the result of 5 levels of evaluation for the part linked to the individual performance, which has already been deliberated and confirmed by the Remuneration Advisory Committee. The amount of payment linked to the individual performance is determined within the rage of 0%-200% by reflecting the result of the evaluation. The Remuneration Advisory Committee deliberates the pattern of payment amount by evaluation in advance, and the Board of Directors determines its standard amount.

iii) Mid-term Performance-linked Bonuses

a. It is resolved at the74th ordinary general meeting of shareholders held on June 18, 2019 that the Company may pay, in accordance with the resolution of the BOD based on review and deliberation of the Remuneration Advisory Committee, Mid-term Performance-linked Bonuses to its directors excluding outside directors subject to the maximum annual amount for JPY540 million and to the variable payout ratio from 0% to 150% corresponding to the degree of achievement of three year average ROE target for the following 3 fiscal years set at the beginning of three-year period every fiscal year. The number of Eligible Directors was five (Five internal directors) at the end of 74th ordinary general meeting of shareholders.

b. The Company uses, as the performance evaluation index for Mid-term Performance-linked Bonuses, a three-year average of consolidated ROE (Return on Equity), which is the key indices the Company values for assessing management efficiency. The Company set, as performance target, an average of consolidated ROE for the 3 years of evaluation period at 10% upon resolution of the BOD based on recommendation from the Remuneration Advisory Committee as the Company set "a minimum ROE of 10%" as its mid-term and long-term target as before.

c. Every time a three-year evaluation period ends, actual ROEs for the past three years are calculated. The Remuneration Advisory Committee calculates and evaluates a payout ratio and the amount of payment of Mid-term Performance-linked Bonuses according to the level of achievement of the target as described in the table next page. Then, the BOD determines the payout ratio and the amount of payment and the remuneration is paid at a certain time every year. The three years evaluation period shall be the relevant fiscal year, next fiscal year and the fiscal year after that.

Consolidated three-year average ROEs and the range of the payout ratio of Mid-term Performance-linked Bonuses

	The range of the payout ratio according to average ROD of the three-year evaluation period				
Actual 3-year average ROE	less than 6%	6% or more	8%	10%	12% or more
Payout ratio	0%	50%	50%	100% (target)	150%

(Note) Use 50% payout ratio when actual ROE is between 6 and 8%and calculate proportionately by using the number in the above to obtain a corresponding payout ratio if actual ROE is between 8 and 12%. If ROE is 12% or more, payout ratio will remain at 150%.

d. Mid-term Performance-linked Bonuses will be paid to the directors who served only part of each evaluation period with the amount corresponding to the term of office.

iv) Restricted Stock Shares (non-monetary remuneration)

a. It is resolved at the74th ordinary general meeting of shareholders held on June 18, 2019 that the Company may pay, in accordance with the resolution of the BOD based on review and deliberation of the Remuneration Advisory Committee, remuneration for issuing Restricted Stock Shares to its directors excluding outside ones subject to the maximum annual amount for JPY200 million, to the maximum annual number of 200,000 ordinary shares of the Company and to a restriction period for 3 years in principle. Remuneration for issuing Restricted Stock Shares is paid at a certain time every year. The number of Eligible Directors was five (Five internal directors) at the end of 74th ordinary general meeting of shareholders.

b. The remuneration for issuing Restricted Stock Shares has been designed to facilitate earlier sharing of values between directors and the shareholders. In order to promote retention of restricted stocks while they serve as directors, and also to raise their awareness towards enhancement of corporate value in the medium to long term, the three-year restriction on stock transfer has been set. Restricted Stock shares are structured in a way that they are linked to corporate value, although there are no conditions regarding business performance.

d. The amount to be paid in per restricted stock share will be a reasonable amount equal to the closing price of the Company’s common shares on the Tokyo Stock Exchange for the last business day preceding the day of the resolution by the BOD or other appropriate price which would not be specially favorable to eligible directors

v) Disclosure of directors’ remuneration

The outlines and policies to determine each type of remuneration are as described above. With regard to the total amount of each type of remuneration, the payout ratio of performance-linked remuneration, the targets and outcomes of each performance evaluation indices, please refer to the “3. Amount of Remuneration for Directors and Audit & Supervisory Board Members” below.

3. Amount of Remuneration for Directors and Audit & Supervisory Board Members (for fiscal year 2020 ended in March 2021)

In determining the individual remuneration of directors for FY 2020, the BOD considered that the content of the individual remuneration was in line with the company's policy on determining the individual remuneration of directors, as it was based on the report submitted through deliberation by the Compensation Advisory Committee described in “(3) Activities of the Remuneration Advisory Committee” on page 69.

Classification	Director		Audit & Supervisory Board Member	
	Number (people)	Amount (JPY million /year)	Number (people)	Amount (JPY million /year)
Basic Remuneration based on resolution of the general meeting of shareholders (to outside directors)	9 (3)	289 (43)	4 (2)	50 (22)
Annual Bonuses to Directors for this fiscal term (to outside directors)	6 (-)	182 (-)	- (-)	- (-)
Mid-term Performance-linked Bonuses (to outside directors)	6 (-)	0 (-)	- (-)	- (-)
Restricted Stock Shares as Remuneration to Directors (to outside directors)	6 (-)	124 (-)	- (-)	- (-)
Total (to outside directors)	9 (3)	595 (43)	4 (2)	50 (22)

(Notes)
1. The numbers of the Directors and Audit & Supervisory Board Members and the amount of remunerations thereto in the table above include one (1) Audit & Supervisory Board Member who retired during the current fiscal year.
2. The above figures do not include the salaries for the employee portion of the Directors who concurrently serve as employees.
3. The above figures are rounded to JPY1 million.
4. The amount of Restricted Stock Shares in the table above is calculated based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors held on July 8, 2019, at ¥1,706 per share, and the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors held on July 13, 2020, at ¥2,110 per share.

(1) Annual Bonuses

i) Consolidated Business Results

	Performance Evaluation Reference		
	Target	Result	Payout Ratio
Consolidated Revenue	420.0	446.6	151.9%
Consolidated Core Operating income	19.5	26.0	143.2%

ii) Results of Life Science Business

	Performance Evaluation Reference		
	Target	Result	coefficient
Consolidated Revenue	58.0	55.2	0.87
Consolidated Core Operating income	5.5	3.5	0.86

(Note) The annual bonus of the CEO is calculated by multiplying the performance-linked portion of the entire company by the performance evaluation of the life science business.

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

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

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

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

(2) Mid-term Performance-linked bonuses

The Company paid to its Directors Mid-term Performance-linked bonuses for 3-year period starting from FY ended in March 2017.

Performance evaluation reference is the most recent 3 years' average of ROE and the target, actual results and payout ratio thereof are shown in the table below;

Changes in Consolidated annual ROE ratio

FY ended in Mar 2017	FY ended in Mar 2018	FY ended in Mar 2019	FY ended in Mar 2020	FY ended in Mar 2021
8.4%	8.8%	7.8%	5.7%	-15.1%

3-Year Average of Consolidated annual ROE

FY ended in March	Target	Actual	Payout Ratio
ended March 2017- ended March 2019	10%	8.3%	53.8%
ended March 2018- ended March 2020	10%	7.4%	50%
ended March 2019- ended March 2021	10%	-0.5%	0%

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

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

(3) Activities of Remuneration Advisory Committee

i) Composition (from April 1, 2020 to March 31, 2021)

Chairman (Independent Outside Director)	Mr. Yuzuru Matsuda
Member (Independent Outside Director)	Messrs. Shiro Sugata, Tadayuki Seki
Member (Director, Chairman of the Board)	Mr. Mitsunobu Koshiba
Member (Representative Director, CEO)	Mr. Eric Johnson
Member (Representative Director, President and COO)	Mr. Nobuo Kawahashi

(Note) Mr. Koshiba resigned as a committee member on June 17, 2020. Mr. Johnson and Mr. Kawahashi have been appointed as members of the Committee as of June 17, 2020.

ii) Activities

The Committee held 7 meeting in FY 2020 ended in March 2020 (April, June, September, November, December in 2019 and February, March in 2020). The chairman and other all members attended the all of the meetings

date	Items for deliberation
April, 2020	FY 2019 annual bonus payment Medium-term performance-linked bonus payments for FY 2017 through FY 2019 Revision of Compensation Policy for Directors and Audit & Supervisory Board Members in FY 2020
June, 2020	FY 2020 Compensation package finalized Determination of formula for calculating medium-term performance-linked bonuses for FY 2020 to FY 2022
September, 2020	Discussions on the proposed new system for FY 2021 and beyond
November, 2020	Discussions on the proposed new system for FY 2021 and beyond Report on the environment surrounding management remuneration Confirmation of the contents of the current remuneration system Determination of formula for calculation of annual bonus in FY 2020
December, 2020	Discussions on the proposed new system for FY 2021 and beyond
February, 2021	Discussions on the proposed new system for FY 2021 and beyond
March, 2021	Confirmation of the compensation amount of supervisory officers Determination of Details of Stock Compensation Plan FY 2021 Compensation package finalized

4. Matters related to Outside Directors and Outside Audit & Supervisory Board Members

(1) Major activities during the current fiscal year

Name	Position	Major activities
Yuzuru Matsuda	Outside Director	Mr. Matsuda participated in all 17 meetings of the Board of Directors held during the current fiscal year. Mr. Matsuda has been greatly contributing to continuous improvement of the corporate values through ensuring reasonable judgment for, and accountable and sound management of, the businesses of the Company, by utilizing range of his knowledge and vast experience on management of the company that pursues major global businesses of medical products and biochemical, and by actively participating and providing necessary appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc. In addition, Mr. Matsuda served as Chairman of the Remuneration Advisory Committee and endeavored to ensure the rationality and transparency of the compensation system of the Company. As Chairman of the Nomination Advisory Committee, Mr. Matsuda examined the succession plan of JSR group's management system from an objective and long-term perspective.
Shiro Sugata	Outside Director	Mr. Sugata participated in all 17 meetings of the Board of Directors held during the current fiscal year. Mr. Sugata has been greatly contributing to continuous improvement of the corporate values through ensuring reasonable judgment for, and accountable and sound management of, the businesses of the Company, by utilizing range of his knowledge and vast experience on management of the company that pursues major global businesses of optical application products and on business communities, and by actively participating and providing necessary appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc. In addition, Mr. Sugata served as a member of the Remuneration Advisory Committee and endeavored to ensure the rationality and transparency of the executive compensation system. As a member of the Nomination Advisory Committee, Mr. Sugata reviewed the succession plan of our group's management system from an objective and long-term perspective.
Tadayuki Seki	Outside Director	Mr. Seki participated in all 17 meetings of the Board of Directors held during the current fiscal year. Mr. Seki has been greatly contributing to continuous improvement of the corporate values through ensuring reasonable judgment for, and accountable and sound management of, the businesses of the Company, by utilizing range of his knowledge and vast experience on management of a general trading company which operates a global trading business as well as extensive knowledge in financing and accounting matters as a CFO, and by actively participating and providing necessary appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc. In addition, Mr. Seki served as a member of the Remuneration Advisory Committee and endeavored to ensure the rationality and transparency of the executive compensation system. As a member of the Nomination Advisory Committee, Mr. Seki reviewed the succession plan of our group's management system from an objective and long-term perspective.

Name	Position	Major activities
Hisako Kato	Outside Audit & Supervisory Board Member	Ms. Kato participated in all 17meetings of the Board of Directors and in all 18 meetings of the Audit & Supervisory Board respectively held during the current fiscal year. Ms. Kato has been effectively performing the audit of the Company and greatly contributing to ensure and reasonable judgment for, and accountable and sound management of, the businesses of the Company, by utilizing range of her professional knowledge and vast experience on financing and accounting matters as a Certified Public Accountant both in Japan and US and a Certified Tax Accountant by actively participating and providing necessary and appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc.
Sumio Moriwaki	Outside Audit & Supervisory Board Member	Mr. Moriwaki participated in all 17 meetings of the Board of Directors and in all 18 meetings of the Audit & Supervisory Board respectively held during the current fiscal year. Mr. Moriwaki has been effectively performing the audit of the Company and greatly contributing to ensure reasonable judgment for, and accountable and sound management of, the businesses of the Company by utilizing range of his professional knowledge and vast experience on legal matters as a Lawyer and by actively participating and providing necessary and appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc.

(2) Relationship between the Company and organizations where outside directors and outside audit & supervisory board members hold concurrent important positions

i) No conflict of interest exists between the Company and neither of KUBOTA Corporation and BANDAI NAMCO Holdings Inc., where Mr. Yuzuru Matsuda, Outside Director, has important concurrent positions.

ii) The Company has business transactions with USHIO Inc. where Mr. Shiro Sugata, Outside Director, had concurrent important positions involving sales of heat resistant transparent resins. The Company has business transactions with Yokogawa Electric Corporation (“YEC”) involving purchase of control systems. The Company has business transactions with Yamato Holdings Co., Ltd involving transportation services to the Company.

iii) The Company has business transactions with ITOCHU Corporation, where Mr. Tadayuki Seki, Outside Director, has important concurrent positions involving the sales and purchase of plastics between the respective group companies. The Company has No conflict of interest exists between the Company and each of J. FRONT RETAILING Co., Ltd., PARCO CO., LTD, VALQUA, LTD. and Asahi Mutual Life Insurance Company.

iv) No conflict of interest exists between the Company and either Hisako Kato Accounting Office where Ms. Hisako Kato, Outside Audit & Supervisory Board Members, has important concurrent positions.

v) No conflict of interest exists between the Company and either ISHII LAW OFFICE or Topy Industries Limited where Mr. Sumio Moriwaki, Outside Audit & Supervisory Board Members, has important concurrent positions.

V Accounting Auditors

1. Name KPMG AZSA LLC

2. Amount of Remuneration for Accounting Auditors for the Current Fiscal Year

(1) Amount of remuneration as Accounting Auditors of the Company
Amount of remuneration for services under Paragraph 1, Article 2 of the Certified Public Accountant Act; JPY 81 million

(2) Total amount of remuneration to be paid by the Company and its subsidiaries; JPY 112 million

(Notes)
1. The Audit & Supervisory Board of the Company has made its consent to the remuneration for Accounting Auditors of the Company under Paragraph 1 and 2, Article 399 of the Companies Act by judging it appropriate after reviewing the performance by the Accounting Auditors until the previous fiscal year, the transition of the amount of remuneration until now, and the audit plan and the calculation basis of the quotation for the current fiscal year.
2. In the contract for auditing services between the Company and the Accounting Auditors, no apparent distinction is made between the remunerations of audits under the Companies Act and those under the Securities and Exchange Law. Since it is virtually impossible to make a distinction between the two, the figure for remunerations paid in 1) above includes that under the Securities and Exchange Act.
3. The Company entrusted to its Accounting Auditors for voluntary auditing services such as the preparation of comfort letters associated with the issuance of corporate bonds and relating to certifying salaries for overseas expatriate employees as non-auditing services other than audit certification services set forth under Article 2.1 of Public Accountant Act.
4. Among principle subsidiaries and affiliates of the Company, accounting firms other than Accounting Auditors of the Company have been performing audits for overseas subsidiaries and affiliates.

3. Polices for determining dismissal or non-reappointment of Accounting Auditors

The Audit & Supervisory Board of the Company will dismiss the Accounting Auditor upon the consent of all the Audit & Supervisory Board Members if such Accounting Auditor is deemed to have fallen under any of the items in Paragraph 1, Article 340 of the Companies Act. In the event that the Audit & Supervisory Board decides to propose dismissal or non-reappointment any of Accounting Auditors at a general meeting of shareholders considering performance of executing duties and audit qualities thereof, the Board of Directors will, upon request from Audit & Supervisory Board, present such proposals at the general meeting of shareholders.

VI Structures to Ensure Propriety of Business Conduct and Outline of Operating Status of Systems for Ensuring the Propriety of Business Conduct

1. Structures to Ensure Propriety of Business Conduct

The Board of Directors of the Company made the resolution at its meeting on the "Policies for establishing an internal control system" with regard to the structures to ensure propriety of business conduct of the Company as detailed below;

(1) Basic policies for management

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

Corporate Mission:

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

Fundamental Pillars of Management

Management Policies:
- Continuous Creation of Businesses
- Enhancement of Corporate Culture
- Increase Corporate Value

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

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

i) Under the rules of the Board of Directors and other relevant rules, the Board of Directors of the Company inclusive of independent Outside Directors supervises the execution of duties of Directors and Officers (herein after inclusive of Executive Officers and Senior Officers) of the Company, as well as makes decisions on material management matters of the Company and on fundamental management matters of JSR Group. As for supervising the execution of duties of the directors and employees of the "Group Companies" (which hereinafter means companies that belong to JSR Group but other than the Company), an Officer in charge of a Group Company as specified under "the Code of Group Companies Management" is responsible for such monitoring and direction respectively.

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

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

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

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

vi) The Company has established hotline reporting channels for whistle blowing. When any directors and employees of JSR Group become aware of internal actions that violate or are likely to violate the compliance rules, they can report either directly to the Corporate Ethics Committee of the respective companies of respective Group Companies to which they belong or of the Company, or to outside attorneys or a third-party organization specialized in this field through designated external hotline channels which may be done anonymously. Any report made through external hotlines will be automatically and simultaneously transferred to and shared by Full time Audit and Supervisory Member in order to ensure independence of the hotlines from the management.

vii) The JSR Group's basic principle against the anti-social forces is to cut off all relationships including but not limited to any business transactions with such forces. The management and the entire organization of the Company or, as the case may be, of respective Group Companies shall resolutely and firmly reject any claims or requirements made by anti-social forces in collaboration with external expert entities such as the police forces.

(3) Structures to ensure efficient execution of duties of directors of JSR Group

i) At the Company,

a. the Board of Directors holds regular meetings on monthly basis in principle and ad hoc meetings if required in order to deliberate and resolve important matters relating to the execution of businesses and to monitor and direct the execution of duties of Directors and Officers. Executive Committee consisting of CEO, the President, Executive Managing Officers, Managing Officers, and Senior Officers and/or Officers designated by CEO or the President and Full time Audit & Supervisory Board Member holds meetings on weekly basis in principle in order to deliberate, direct and/or receive reports on fundamental policies, management policies, management plans of JSR Group and/or major business execution issues from business divisions. After review and deliberation by the Executive Committee, major issues will be brought up to the Board of Directors for resolution while the rest will be determined by CEO or the President. In addition, Business Issue Committee consisting of CEO, the President, the Chairman and Executive Officers holds meetings twice a month in principle in order to, through discussion and sharing information and views, clarify and determine the direction of the key issues relating to fundamental policies and/or management policies and the fundamental policies or changes in business strategy behind the individual business decisions well in advance, which will be further reviewed and discussed at the meetings of Board of Directors or Executive Committee.

b. the officer system has been adopted in order to clearly distinguish decision-making and monitoring functions of the management from those of business execution and to enhance respective functions. Officers Committee consisting of CEO, the President and all of the Officers holds meetings for the purpose of sharing common and thorough understanding on the status and major issues relating to the management and the performance of the Company

c. by establishing the rules for decision making authorities at the Company and Group Companies, the JSR Group has specified the bodies and ways for decision making in accordance with the importance of such decisions and in order to ensure the appropriateness and effectiveness of the execution of the businesses.

d. "the Code of Group Companies Management" for the management of Group Companies has been established. An Officer in charge of a Group Company is responsible for administration and management thereof, while other departments with corporate functions such as safety and environmental affairs, accounting, finance, general affairs, legal affairs and sustainability promotion, provide supports and services to Group Companies.

ii) Group Companies;

a. at the Group Companies in Japan with the board of directors, the board of directors regularly held, and the executive committee established in a similar to the Company if necessary deliberate and decide the important business matters in accordance with the relevant internal rules and regulations.

b. at the Group Companies in Japan without the board of directors, executive committee of the company consisting of the president, other key management personnel, and audit & supervisory board members of the Company, and the Officer in charge of the relevant Group Company and/or his/her staff holds meetings on regular basis and deliberates and decides important business matters in accordance with the relevant internal rules and regulations.

c. At overseas Group Companies, the board of directors holds meetings on regular basis and deliberates and decides important business matters in accordance with the relevant internal rules and regulations

d. The Company has, considering the location of the market and major business premises, established a holding company in north America (hereinafter referred to as "NAHQ") responsible for overseeing the global Group Companies involved in life sciences business in order to accelerate decision making processes and enhance internal control of these companies. With regard to the decision-making authority over the above Group Companies, the President of the Company transfers his authority, which is to decide upon deliberation at the executive committee, to CEO of the above holding company as long as the decision is made upon deliberation at the executive committee of the above holding company.

iii) The JSR Group has established its mid-term business plan "JSR 20i9" considering possible changes in business environment in the future, of which implementation plans were broken down into corporate annual targets and budget of JSR Group as a whole. Each of the companies of JSR Group and the business divisions thereof will set up and implement its action plans to achieve the objectives.

iv) The tenure of office of directors of JSR Group is one year so that JSR Group can quickly cope with the ever-changing business environment.

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

i) The Company has been continually monitoring the risks associated with the execution and progress of the businesses of JSR Group by way of reporting and discussion at the meetings of the Board of Directors, Executive Committee, Business Issues Committee, Officers Committee, and/or other important meetings as well as controlling budget.

ii) As for the major risks other than those described in the preceding paragraph 1) above, Risk Management Committee of the Company chaired by the Officer responsible for Corporate Planning determines appropriate countermeasures in relation to the degree of visible or potential risks, as well as enhances preparation and implementation of the risk management plans of JSR Group made by the relevant Committees (Corporate Ethics Committee, Environment, Safety and Quality Committee) or by individual business divisions, or proceeds group-wide risk management activities.

iii) In the event of serious crisis of the JSR Group, the "Emergency Headquarters" ("Anti-Disaster Headquarters" in the case of accidents or disaster) directed by the President of the Company will be set up in order to proceed necessary crisis management in accordance with the "Risk Control Manual".

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

The Company has, in accordance with the relevant laws and "Rules for Documents and Information Management", been properly maintaining the relevant documents and/or those in electromagnetic forms in relation to the execution of duties of Directors and Officers such as minutes of meetings of the shareholders, the Board of Directors, Executive Committee and Business Issues Committee and authorization documents so as to make such documents easily accessible by the Directors and Audit & Supervisory Board Members of the Company.

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

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

ii) The Audit & Supervisory Board Member of a Group Company on regular basis reports to Audit & Supervisory Board Members and Internal Audit Office of the Company the results of the audit made at the Group Company.

iii) Department in charge of internal audit of NAHQ will perform internal audit of the Group Companies in life sciences businesses and report its findings to CEO or the President and to manager of Internal Audit Department of the Company.

(7) Matters related to audit by Audit & Supervisory Board Members

i) Matters related to employees assisting Audit & Supervisory Board Members and ensuring his/her independence

The Company has appointed personnel whose responsibilities are to assist Audit & Supervisory Board Member ("the Assistant"). Any personnel decisions on the Assistant are subject to prior consultation and approval by the Audit & Supervisory Board. In addition, solely Audit & Supervisory Board Member is responsible for evaluating the performance of the assistant.

ii) Matters related to effectiveness of command by an Audit & Supervisory Board Member to its Assistant

The Assistant shall follow instructions and command solely made by the Audit & supervisory Board Member.

iii) Structures to report to Audit & Supervisory Board Members of the Company from Directors and employees of the Company, from directors and employees of the Group Companies or from those who received reports from them.

a. Audit & Supervisory Board Members ensures that they can review important decisions on the execution of duties through participation to the meetings of the Board of Directors, Executive Committee, and Officer Committee and the circulation of major authorization documents after approval by the relevant personnel.

b. Such corporate administrative department including general affairs, legal and sustainability promotion as designated by Audit & Supervisory Board Members regularly, or upon request, report to Audit & Supervisory Board Members on the progress and operational status of internal control system such as compliance with rules and regulations and risk management.

c. Internal Auditing Office regularly, or upon request, reports the results of internal auditing on JSR Group to Audit & Supervisory Board Members.

d. Directors and employees of the Company promptly and effectively report to Audit & Supervisory Board Members such items, but not limited to, as the facts that might cause material damages to the Company and/or the JSR Group, and/or materially violate the laws and/or articles of incorporation of the Company, or as specified in advance in accordance with the prior agreement with the Audit & Supervisory Board Members.

e. Directors and/or employees of JSR Group promptly report to Audit & Supervisory Board Members relating to execution of businesses.

iv) Structures to ensure that persons who report to Audit & Supervisory Board Members do not suffer disadvantageous treatment as a result of such report.

The JSR Group prohibits disadvantageous treatment against its directors and employees solely because they had reported to Audit & Supervisory Board Members.

v) Matters on policies related to procedures for advance payment or pay back of audit expenses and handling of audit expenses and others

The Company bears all the expenses incurred in relation to execution of duties of Audit & Supervisory Board Members unless such expenses are deemed unnecessary

vi) Other structures to ensure effectiveness of auditing by Audit & Supervisory Board Members

The Audit & Supervisory Board Members maintain cooperation and communication from time to time with relevant parties such as Internal Auditing Office, the Accounting Auditors, and Audit & Supervisory Board Members of the Group Companies.

2. Outline of Operational Status of Systems for Ensuring the Propriety of Business Conduct

The Company and the Group Companies establish and appropriately operate internal control systems pursuant to the policies detailed above. Key measures taken by the JSR Group during the current fiscal year that are deemed important for the internal control are outlined below:

(1) Compliance measures

i) Corporate ethics:

The Company made efforts to disseminate the principles of corporate ethics throughout the JSR Group not only by providing employees of the JSR Group with regular training/education at work places and e-learning sessions but also by issuing Group Principles of Corporate Ethics in Indonesian language JSR additionally to the existing Japanese, English, Korean, Chinese and Thai versions.

In addition, the JSR Group has been conducting corporate ethics awareness surveys every year targeting JSR Group companies both in Japan and overseas, in order to acknowledge the status of conformity with laws and regulations as well as the JSR Group Principles of Corporate Ethics and the status of corporate ethics activities. While reporting the survey results to the Officer Committee, feedback is provided to each of the Group Companies and is reflected in the following year's corporate ethics promotion activities of the JSR Group as a whole and each of the Group companies.

The JSR Group has been endeavoring to establish a global system to ensure adherence to laws and regulations by establishing internal regulations and by vigorously pursuing annual review on the status of compliance with laws and regulations at JSR Group companies both in Japan and overseas.

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ii) Hotline reporting channels:

The JSR Group has introduced a "Corporate Ethics Hotline" as an internal reporting system. Specifically, issues can be reported to the Corporate Ethics Committee of the Company and of the respective Group Companies via an internal hotline, or to external attorneys or specialized organizations via an external hotline. The external hotline, which is operated by outside specialized organizations, offers services in Japanese, English, Korean, Chinese and Thai, making it easy for overseas offices to use the services. The Company altered the reporting line of the external hotline so that any issues reported via external hotline would reach Full time Audit & Supervisory Board Member simultaneously in addition to the office of Corporate Ethics Committee in accordance with the requirement from Corporate Governance Code to ensure to establish hotlines independent from the management of the Company.

In FY ended in March 2021, 26 matters were reported to the hotline. The reported matters are investigated, a summary of the results is regularly reported to the Corporate Ethics Committee, the Sustainability Promotion Committee, the Internal Auditing Office, the Audit & Supervisory Board Members, CEO, and the President, and feedback is provided to the persons who made such reports. There was no report through the suppliers' hotline, in FY ended in March 2021.

(2) Risk management measures

i) Identification and management of key risks:

At the JSR Group, the Risk Management Committee of the Company specifies key risks (risks other than business risks) in accordance with the degree of impact and frequency of occurrence, and promotes activities to reduce such risks by designating the divisions in charge. As a part of BCM (Bushiness Continuity Management) activities, the Company establishes the system and reviews its operational status to minimize the impact of the business interruption to the businesses of the JSR Group.

In FY ended March 2021, in response to expansion of COVID-19, the Company established the BCP (Business Continuity Plan) Task Force in February 2020, chaired by the president. The company, as a member of the material industry that supports essential industries worldwide, has implemented such necessary actions as enacting a standard of conduct to maintain operations at the Group's main production, research, and development sites in Japan, Asia, Europe, and America, and other various measures, supplying and mandatory use of personal protective equipment, curtailment of outside visitors, sharing of information with employees worldwide, and established a remote work systems at each site.

The details of the BCP Task Force's actions are also being shared with outside directors and auditors.

While respecting the cultural differences and individuality of JSR business bases around the world, the JSR Group is committed to risk management and business continuity by quick and comprehensive information management and appropriate actions at the BCP Task Force.

ii) Crisis management training:
The JSR Group has been endeavoring to minimize the impact and to enhance the capability of business continuity in an event of a crisis by conducting crisis management drills on regular basis at each plants and offices in anticipation of damages by large-scale earthquake or serious accidents.
In FY ended in March 2021, due to the expansion of COVID-19, the Company conducted a summary of COVID-19 BCP measures from February to September 2020 and identified issues to be solved, instead of conventional crisis management drills conducted in a dense environment with a large number of participants gathered in a conference room. In addition, the Company also conducted the crisis management drills at its plants and research laboratories on the hypothesis of disasters, with taking measures to prevent COVID-19 infection.

(3) Internal audit measures

i) The Corporate Audit Department, the department in charge of internal auditing at the Company, assessed the status of establishment of internal control systems and their operational status for financial reporting in accordance with the criteria prescribed by the Financial Services Agency, targeting 21 group companies in Japan and overseas including the Company, and confirmed that the status of establishment of internal control systems and their operational status have been functioning effectively.
ii) In order to confirm the effective functioning of internal control systems of the JSR Group, the Corporate Audit Department conducts operational audits (including compliance audits) of the JSR Group as a whole, including overseas Group Companies. Operational audits are aimed at confirming the status of internal control with a focus on key operational processes (purchasing, production, sales, IT security control, etc.).
iii) Members of the Corporate Audit Department concurrently serve as Audit & Supervisory Board Members of major subsidiaries in Japan and overseas. They attend the Management Committee of each subsidiary, monitor and direct the execution of duties of Directors of each subsidiary, and conduct audits on earnings, etc.

(4) Audits by Audit & Supervisory Board Members

Audit & Supervisory Board Members attended important meetings including the Board of Directors' Meeting, the Management Committee, etc., performed on-site audits on plants and Group Companies, and conducted interviews with administration divisions while reviewing important documents such as authorization documents, etc. In addition to holding liaison meetings for Audit & Supervisory Board Members of the JSR Group, which comprise Audit & Supervisory Board Members of the Company and of Group companies, in order to promote information sharing, information and opinions were exchanged with the Corporate Audit Department and Accounting Auditors regularly and as required, with the aim of reinforcing collaboration and enhancing the effectiveness of audits

(5) Status of amendments to basic policies for establishing an internal control system

In FY ended in March 2021, the Company made relevant revisions such as the change of names of its organizations in accordance with organizational reform effective June 17, 2020, and the deletion of the "Policies for establishing an internal control system for a Listed Subsidiary Group of the Company" in accordance with the delisting of MEDICAL & BIOLOGICAL LABORATORIES CO., LTD., which had been the listed and consolidated subsidiary of the Company.

Please note that this is an English translation of the original “Consolidated Financial Statements” which are written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

Consolidated Statement of Financial Position

(as of March 31, 2021)

(in millions of yen)

Items	**Current Fiscal Year**	Previous Fiscal Year (Reference)	Items	**Current Fiscal Year**	Previous Fiscal Year (Reference)
	Amount	Amount		Amount	Amount
Assets			**Liabilities**		
Current Assets	**329,279**	**303,475**	**Current Liabilities**	**168,810**	**148,398**
Cash and cash equivalents	85,377	61,931	Trade and other payables	100,797	92,839
Trade and other receivables	125,292	110,506	Contract liabilities	9,368	8,489
Inventories	104,862	112,840	Borrowings	37,872	30,043
Other financial assets	1,933	4,064	Income taxes payable	4,866	1,757
Other current assets	11,815	11,487	Provisions	1,837	-
			Other financial liabilities	3,874	3,138
			Other current liabilities	10,196	9,486
Subtotal	329,279	300,829	Subtotal	168,810	145,752
Assets related to disposal group classified as held for sale	-	2,646	Liabilities related to disposal group classified as held for sale	-	2,646
Non-current Assets	**343,494**	**374,238**	**Non-current Liabilities**	**133,227**	**91,903**
Property, plant and equipment	170,428	215,664	Contract liabilities	7,861	-
Goodwill	58,633	58,283	Bonds and borrowings	81,406	52,684
Other intangible assets	15,014	15,891	Retirement benefit liability	16,434	16,216
Investments accounted for using equity method	21,015	25,385	Other financial liabilities	19,314	16,198
Retirement benefit asset	4,905	2,560	Other non-current liabilities	5,136	3,667
Other financial assets	49,751	44,656	Deferred tax liabilities	3,077	3,139
Other non-current assets	3,598	2,469			
Deferred tax assets	20,150	9,331	**Total Liabilities**	**302,036**	**240,301**
			Equity		
			Equity attributable to owners of parent	**333,995**	**396,793**
			Share capital	23,370	23,370
			Capital surplus	11,562	18,242
			Retained earnings	302,916	369,102
			Treasury shares	(19,202)	(19,547)
			Other components of equity	15,348	5,626
			Non-controlling interests	**36,741**	**40,619**
			Total Equity	**370,736**	**437,412**
Total Assets	**672,773**	**677,713**	**Total Liabilities and Equity**	**672,773**	**677,713**

(Note) Amounts are rounded to the nearest millions of yen.

Consolidated Statement of Profit or Loss
(from April 1, 2020 to March 31, 2021)

(in millions of yen)

Items	**Current Fiscal Year**	Previous Fiscal Year (Reference)
	Amount	Amount
Continuing operations		
Revenue	**446,609**	**471,967**
Cost of sales	(313,200)	(331,228)
Gross profit	**133,408**	**140,739**
Selling, general and administrative expenses	(105,117)	(104,343)
Other operating income	1,790	1,304
Other operating expenses	(87,584)	(4,879)
Share of profit of investments accounted for using equity method	(4,132)	64
Operating profit (loss)	**(61,633)**	**32,884**
Finance income	947	1,929
Finance costs	(1,743)	(2,184)
Profit (loss) before tax	**(62,430)**	**32,629**
Income taxes	7,900	(6,859)
Profit (loss) from continuing operations	**(54,530)**	**25,770**
Discontinued operations		
Profit from discontinued operations	**-**	**252**
Profit (loss)	**(54,530)**	**26,022**
Profit (loss) attributable to		
Owners of parent	(55,155)	22,604
Non-controlling interests	625	3,418
Total	**(54,530)**	**26,022**

(Note) Amounts are rounded to the nearest millions of yen.

Consolidated Statement of Changes in Equity
(from April 1, 2020 to March 31, 2021)

(in millions of yen)

	Equity attributable to owners of parent						Non-controlling interest	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at the beginning of the current fiscal year	23,370	18,242	369,102	(19,547)	5,626	396,793	40,619	437,412
Profit (loss)			(55,155)			(55,155)	625	(54,530)
Other comprehensive income					11,697	11,697	1,170	12,867
Total comprehensive income	-	-	(55,155)	-	(11,697)	(43,458)	1,795	(41,663)
Share-based payment transactions		(6)		266	(9)	251		251
Dividends			(12,888)			(12,888)	(479)	(13,368)
Changes in treasury shares		(18)		80		62		62
Transfer from other components of equity to retained earnings			2,399		(2,399)	-		-
Changes in non-controlling interests		(6,656)			(27)	(6,682)	(5,198)	(11,881)
Other movements			(541)		460	(82)	5	(77)
Total transactions with owners, etc.	-	(6,679)	(11,031)	346	(1,975)	(19,339)	(5,673)	(25,012)
Balance at the end of the current fiscal year	23,370	11,562	302,916	(19,202)	15,348	333,995	36,741	370,736

(Note) Amounts are rounded to the nearest millions of yen.

Notes on Consolidated Financial Statements

1. Notes on significant matters serving as the basis for the production of consolidated financial statements

(1) Standards on the production of consolidated financial statements

JSR Corporation (the "Company") and its subsidiaries (collectively, the "Group") prepares the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") pursuant to the provisions of the Paragraph 1, Article 120 of the Rules of Corporate Accounting. Some disclosure items required under IFRS are omitted pursuant to the provisions of the second sentence of the said Paragraph.

(2) Matters related to the scope of consolidated accounting

1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 64 companies

Names of major consolidated subsidiaries:

ELASTOMIX Co., Ltd., ELASTOMIX (THAILAND) CO., LTD., JSR BST Elastomer Co., Ltd., JSR MOL Synthetic Rubber Ltd., Emulsion Technology Co., Ltd., Techno-UMG Co., Ltd., JAPAN COLORING CO., LTD., JSR Micro N.V., JSR Micro, Inc., JSR Micro Korea Co., Ltd., JSR Micro Taiwan Co., Ltd., JSR Micro Changshu Co., Ltd., MEDICAL & BIOLOGICAL LABORATORIES Co., LTD., KBI Biopharma Inc., Selexis S.A., Crown Bioscience International, JSR Trading Co., Ltd.,

2) Increase of subsidiaries

In the current consolidated fiscal year, the Company sold some of its shares in JM Energy Corporation (JM Energy), a then consolidated subsidiary. Consequently, the Company excluded JM Energy from the scope of consolidation and made it an equity method affiliate.

(3) Matters related to the application of the equity method

1) Number of associates and names of major associates to which the equity method is applied

Number of associates to which the equity method is applied: 15 companies

Names of major associates to which the equity method is applied:

Japan Butyl Co., Ltd., Kumho Polychem Co., Ltd., KRATON JSR ELASTOMERS K.K.

2) Increase of major associates to which the equity method is applied

There is no increase of major associates to which the equity method is applied.

(4) Matters related to accounting standards

1) Standards and methods of valuation applicable to significant assets

Ⅰ Financial instruments

(i) Financial assets

(a) Initial recognition and measurement

The Group initially recognizes financial assets on the date when it becomes a party to the contract on the financial instruments concerned. Financial assets bought or sold by ordinary methods are initially recognized on the transaction date. Financial assets are subsequently classified into those measured at amortized cost or those measured at fair value.

Financial assets measured at fair value through profit or loss are initially measured at fair value. Financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Additionally, trade receivables that do not include significant financial components are initially measured at the transaction price.

i) Financial assets measured at amortized cost

Financial assets are classified as those measured at amortized cost only when both of the following conditions are satisfied; the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at fair value

Financial assets are classified as those measured at fair value if they fail to meet either of the two requirements given above.

Of these assets, financial assets which generate, on specified dates, cash flows that are solely payments of principal and interest on the principal amount outstanding and which are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling the assets are classified as debt financial assets measured at fair value through other comprehensive income.

Moreover, for certain equity financial assets, the Group has made an irrevocable election to present subsequent changes in fair value in other comprehensive income and classified these assets as equity financial assets measured at fair value through other comprehensive income.

Financial assets such as derivative assets, other than the above assets, are classified as financial assets measured at fair value through profit or loss.

(b) Subsequent measurement

After initial recognition, financial assets are measured according to their classification as follows:

i) Financial assets measured at amortized cost

Measured at amortized cost using the effective interest method.

ii) Financial assets measured at fair value

Measured at fair value on the reporting date.

Any changes in fair value of financial assets are recognized in profit or loss or in other comprehensive income according to their respective classification of the financial asset. Dividends received arising from designated equity instruments measured at fair value through other comprehensive income are recognized in profit or loss. If the fair value of the equity instrument depreciates materially or if the equity instrument is disposed, any accumulated other comprehensive income or loss is reclassified to retained earnings.

(c) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the investment expire or when the contractual rights to the cash flows from the investment are assigned and substantially all the risks and rewards of the Group's ownership of such financial assets are transferred.

(ii) Financial liabilities

(a) Initial recognition and measurement

The Group initially recognizes financial liabilities on the contract date. Financial liabilities are initially measured at fair value less transaction costs that are directly attributable to the acquisition of the financial liability.

(b) Subsequent measurement

Measured at amortized cost using the effective interest method.

(c) Derecognition

Financial liabilities are derecognized when contractual obligations are discharged, cancelled, or expired.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset if and only if there is a legally enforceable right to set off the recognized amount of financial assets against the recognized amount of financial liabilities; and there is the intent either to settle on a net basis or to realize assets and settle liabilities simultaneously.

II Impairment of financial assets

The Group estimates expected credit losses as of the reporting date for financial assets measured at amortized cost.

If credit risk has not increased materially from initial recognition, the 12-month expected credit loss is recognized as loss allowance. In the case of trade receivables, however, the loss allowance is always measured at lifetime expected credit loss. If credit risk has increased materially from initial recognition, the lifetime expected credit loss is recognized as loss allowance. Judgment as to whether or not a material increase in credit risk has occurred since the initial recognition is based on degree of changes in default risk. When the Group judges whether or not there are material changes in default risk, it reviews the information on the past due status as well as the following factors;

- External credit grades of the financial asset
- Internal credit grades
- Results of operations of the borrower
- Financial assistance from the parent company, etc. of the borrower

Expected credit losses are measured as weighted average of the present value of difference between all contractual cash flows that are due to the entity in accordance with the contract and all cash flows that the entity expects to receive, weighted by respective risks of default occurring. The Group treats any financial assets as a credit-impaired financial asset in cases where the financial asset is considered to have defaulted, including cases where the financial asset is significantly past due even after enforcement activities for the performance of obligations are taken and where the debtor files legal proceedings for bankruptcy, corporate reorganization, civil rehabilitation and special liquidation.

The Group deducts the loss allowance for financial assets measured at amortized cost from the asset's total carrying amount, and recognizes the loss as profit or loss.

When the Group has no reasonable expectations of recovering all or part of a financial asset, the carrying amount of the asset is directly written off by that amount.

Ⅲ Derivatives and hedge accounting

Derivatives are initially recognized at fair value at the date in which the derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period after initial recognition. The method of recognizing the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedging instruments of cash flow hedges (hedges of a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction), and certain foreign currency borrowings as hedging instruments of net investment in foreign operations.

The Group documents, at the start of the transaction, the relationship between hedging instruments and hedged items as well as the objectives and strategies for managing risk regarding execution of their hedging transactions. Furthermore, the Group documents at the start of the hedge, and on a continuing basis, assessments of whether or not the derivatives used in the hedging transaction are effective in offsetting changes in the hedged items' cash flow.

Hedge effectiveness is assessed on a continuing basis, and a hedge is deemed effective when it satisfies all of the following conditions: an economic relationship exists between hedged items and hedging instruments; the effect of credit risk is not such that it materially dominates value changes arising from the economic relationship; and the hedge ratio of the hedging relationship is equivalent to the ratio arising from the volume of hedging instruments and hedged items that are actually being hedged.

The effective portions of changes to the fair value of derivatives designated as hedging instruments of cash flow hedges and satisfying the conditions thereof are recognized in other comprehensive income. Gains or losses arising from ineffective portions are recognized immediately as profit or loss. Accumulated gains or losses recognized through other comprehensive income are reclassified to profit or loss in the period when the cash flow originating from the hedged items effects profit or loss.

When hedge accounting conditions are no longer satisfied due to forfeit, sale, etc., of hedging instruments, hedge accounting will no longer be applied prospectively. When a hedged future cash flow is expected to occur again, the accumulated gains or losses recognized in other comprehensive income will continue to be recognized as other components of equity. In cases where forecast transactions are no longer expected to occur, the accumulated gains or losses recognized in other comprehensive income are reclassified immediately to profit or loss.

With regard to certain foreign currency borrowings that are retained for the purpose of hedging exposure to exchange rate fluctuation risks for net investments in foreign operations, the portion of foreign exchange differences deemed effective as a hedge is recognized in other comprehensive income as hedges of net investment in foreign operations. Of exchange differences in the hedging instruments, any ineffective portion of the hedge or any portion of the hedge not subject to the assessment of hedge effectiveness is recognized in profit or loss.

Through net investment hedges, the cumulative amount of gain or loss recognized in other comprehensive income is reclassified to profit or loss on the disposal of the foreign operations.

Ⅳ Inventories

Inventories are measured at the lower of cost or net realizable value. Cost of inventories is calculated based on the weighted-average cost formula. Net realizable value is the estimated selling price of inventories in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. Inventories and work in process manufactured by the Company include the amounts of manufacturing overhead appropriately allocated based on the ordinary operating rate.

V Property, plant and equipment（excluding right-of-use assets）

The cost model has been adopted, and all property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to the acquisition of the assets, and the present value of the estimated costs of removal of the assets and site restoration. Furthermore, borrowing costs that satisfy certain conditions directly attributable to the acquisition, construction, etc., of the assets are recognized as part of the cost of the assets.

Depreciation expenses are recognized using the straight-line method over the estimated useful life of each asset to depreciate the cost less the residual value of the asset. The estimated useful lives, residual values, and depreciation methods are reviewed at the end of the reporting period. In the event of the modification in estimates, any impacts therefrom are recognized in the accounting period in which the estimates were modified and in the future accounting periods.

The estimated useful lives of major assets are as follows:

- Buildings and structures: 10 to 50 years
- Machinery, equipment, and vehicles: 5 to 25 years
- Tools, furniture, and fixtures: 3 to 10 years

Ⅵ Intangible assets

(i) R&D expenses

Research-related expenditures are recognized as expenses when they are incurred. Development-related expenditures are capitalized as intangible assets only when all of the following conditions are satisfied; the amount for such expenditures can be reliably measured; the products or the processes to be developed therefrom are technically and commercially viable; there is a high probability of generating future economic benefits; the Group has the intention to complete the development and to use the process or the products therefrom as well as sufficient resources to make them feasible. All other expenditures are recognized as expenses when they are incurred.

(ii) Goodwill

The measurement of goodwill at initial recognition is stated in " Ⅶ Business combinations." The Group does not amortize goodwill, but tests for impairment every fiscal year. Impairment of goodwill is stated in "Ⅷ Impairment of non-financial assets." Impairment losses of goodwill are recognized as profit or loss and not reversed subsequently.

After the initial recognition, goodwill is presented at cost less accumulated impairment losses.

(iii) Intangible assets acquired as a result of a business combination

Cost of intangible assets acquired as a result of a business combination is measured at fair value on the acquisition date.

Intangible assets acquired as a result of a business combination are accounted after initial recognition at cost less any accumulated depreciation and accumulated impairment losses, which are amortized using straight-line method over the estimated useful life of each asset.

The estimated useful life of major asset is as follows:

- Technology-based intangible assets : 5 years

(iv) Intangible assets acquired individually

Other intangible assets acquired individually inclusive of software, etc., are accounted at cost less any accumulated amortization and accumulated impairment losses, which are amortized using the straight-line method over the estimated useful life of each asset.

The estimated useful life of major asset is as follows:

- Software: 5 years

Ⅶ Business combinations

The Group accounts for business combinations using the acquisition method. The aggregate of the consideration paid for a business combination measured at fair value on the acquisition date and the amount of non-controlling interests in the acquired entity are taken as the acquisition costs based on the acquisition method.

Non-controlling interests are measured at equivalent amount for the fair value of the acquired entity's identifiable assets and liabilities in proportion to the share of the non-controlling interest.

Ancillary costs incurred relating to business combination such as brokerage fees, attorney's fees, due diligence costs, and other professional fees, consulting fees, and other acquisition-related costs are recognized as expenses in the periods in which such costs were incurred.

If the initial accounting for the business combination has not been completed by the closing date of the reporting period in which the business took place, such incomplete items that have not been completed are measured at provisional amounts based on the best estimate.

If the new information obtained during the measurement period, which lasts for a year from the acquisition date, affects the measurement of the amount recognized on the acquisition date, the provisional amount recognized on the acquisition date is retroactively revised.

In the event that the aggregate amount of fair value of the consideration paid in relation to the business combination, the amount of non-controlling interests in the acquired entity, and the fair value of equity interests on the control commencement date in the acquired entity previously held by the acquiring entity exceeds the net value of identifiable assets and liabilities at the acquisition date, the excess amount is recognized as goodwill.

If, on the other hand, such aggregate amount does not exceed the net value of identifiable assets and liabilities at the acquisition date, the difference is recognized as profit. Additional acquisitions of non-controlling interests after the controlling acquisition are accounted for as capital transactions and are not recognized as goodwill from the original transaction.

Ⅷ Impairment of non-financial assets

The Group assesses its non-financial assets, excluding inventories and deferred tax assets at the end of each reporting period to identify any indications of a potential inability to recover the carrying amount due to changes in such assets or circumstances. If any such indication exists, impairment testing is conducted.

If the carrying amount of an asset exceeds its recoverable amount, the difference is recognized as impairment loss.

The recoverable amount of an asset is the higher of the fair value less costs of disposal and the value in use. In calculating value in use, the estimated future cash flows from the asset are discounted to the present value using discount rate that reflects the time value of money and the inherent risks of the asset. For the purposes of determining impairment, assets are grouped into an individual asset or the smallest asset group (cash-generating unit) generating cash inflows that are largely independent of the cash flows of other assets.

Goodwill is tested for impairment once a year periodically, regardless of whether any indications of impairment exist, and the cost at the time of acquisition less any accumulated impairment losses is recognized as the carrying amount.

In the case of property, plant and equipment and intangible assets, excluding goodwill, for which impairment losses have been recognized in prior years, an assessment is conducted at the end of each reporting period to determine if there are any possibilities of reversal of such impairment losses.

2) Methods of depreciation applicable to significant depreciable assets

(i) Property, plant and equipment (excluding right-of-use assets)

The straight-line method is applied.

(ii) Intangible assets (excluding right-of-use assets)

The straight-line method is applied.

(iii) Right-of-use assets

The straight-line method is applied regarding lease period as useful life and up to no residual value.

3) Standards applicable to reporting of significant provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and if the Group can reliably estimate such amount.

When the value of time for money is significant, the estimated future cash flow is discounted to the present value by using a before-tax discount rate that reflects the value of time for money and inherent risks of the liability. Transfer-backs of the discounted amount over time are recognized as finance costs.

4) Standards of foreign currency translation applicable to significant assets and liabilities in foreign currency

(i) Functional currency and presentation currency

The Group’s consolidated financial statements are presented in Japanese yen being the Company’s functional currency. The Group’s foreign operations generally use the local currency as their functional currency, but if any currency other than the local currency is primarily used in the economic environment in which the entity operates, such currency is used as the entity’s functional currency.

(ii) Foreign currency transactions

Foreign currency transactions, meaning transactions conducted in a currency other than the respective entity’s functional currency, are translated into the functional currency either by using the exchange rates prevailing at the date of the transaction or using an average rate when there are no material fluctuations in exchange rates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date, and in principle, exchange differences are recognized in profit or loss.

(iii) Foreign operations

The assets and liabilities (including goodwill arising from acquisitions and adjustments of fair value) of foreign operations that use a currency other than Japanese yen as their functional currency are translated into Japanese yen at the exchange rates prevailing at the reporting date. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange over the reporting period, unless there are material fluctuations in exchange rates. Exchange differences arising from such translations in foreign operations’ financial statements are recognized in other comprehensive income, and are included and accounted for in other components of equity.

5) Standards of revenue recognition

The Group recognizes revenue by applying the following five steps, apart from interest and dividend income based on IFRS 9 — Financial Instruments.

Step 1: Identify the contract with the customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to performance obligations.
Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

In sales contracts with customers for products and merchandise, the Group recognizes the sale as revenue when the product and merchandise are delivered to the customer, considering that ownership of the products and merchandise is transferred to the customer and the performance obligation is fulfilled. For the rendering of services, the Group recognizes revenue at fixed intervals with fulfillment of performance obligations based on the contract between the Group and customer.

6) Method applicable to reporting of consumption tax, etc.

Consumption tax, the Group receives from its customers and pays to tax authorities, is deducted from revenue, cost of sales, and expenses of the consolidated statement of profit or loss.

7) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are recognized as an expense in the period in which the employee renders the related service without discounting. Bonus payments are recognized as liabilities in the amount estimated to be paid based on the applicable bonus payment system, when there is a legal or constructive obligation to pay and the obligation can be estimated reliably.

(ii) Long-term employee benefits

The Group has adopted defined contribution plans and defined benefit plans as post-employment benefit plans for employees.

Liabilities (assets) recognized in connection to defined benefit pension plans are calculated at the present value of defined benefit obligations under such plans at the end of the reporting period less the fair value of the plan assets. An independent specialist calculates the defined benefit obligations each reporting period using the projected unit credit method. Any amount recognized as assets from this calculation is limited to the present value of any future economic benefit available in the form of refunds from the plans or reductions in future contributions to the plans when there is possibility for the assets to generate these to the Group. Calculations of the present value of economic benefits take into consideration the minimum funding requirement. The present value of defined benefit obligations is calculated by discounting estimated future cash flows in reference to market yields on high quality corporate bonds that pay benefits and with maturities similar to the estimated timing of payment of the obligations.

Changes due to remeasurements of net defined benefit liabilities (assets) that were recognized in other comprehensive income in the period they occurred are immediately reclassified from other comprehensive income to retained earnings.

Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions into an independent entity and has no legal or constructive obligation to pay further contributions. Contribution obligations under the defined contribution plans are recognized as an expense in the period in which the employee renders the related service.

8) Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction instead of through continued use.

The conditions for classifying an asset or disposal group as held for sale are that it must be available for immediate sale in its present condition and the sale must be highly probable. The classification is also limited to when management of the Group is committed to executing the sale plan and the sale is generally expected to complete within one year. After classification as held for sale, an asset or disposal group is measured at the lower of the carrying amount and the fair value less costs to sell, and is not depreciated or amortized.

A discontinued operation includes a component of a company that either has been disposed of or is classified as held for sale, represents a line of business or geographical area of a group, and is recognized when there is a plan to dispose of that line of business or geographical area.

9) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases within12 months and leases of low-value assets.

Apart from short-term leases or leases of low-value assets, the group records right-of-use assets and lease liabilities in the Consolidated Statement of Profit or Loss at the lease commencement date when a contract is, or contains a lease. The lease payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured under the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost includes the initial measurement amount of a lease liability, any lease payments made at or before the lease commencement date, and any initial direct costs. Right-of-use assets are depreciated over the shorter of the estimated useful life and the lease term on a straight-line basis. Lease liability is measured at the present value of unpaid lease payments. Lease payments are apportioned between finance costs and repayments of lease obligations under the effective interest rate method. Finance costs are recognized in the consolidated statement of profit or loss.

(5) Changes in presentation

(Consolidated statement of financial position)

"Contract liabilities" included in "Other current liabilities" in the previous consolidated fiscal year have been reclassified as a separate item in the current consolidated fiscal year, because the amount has become significant. Contract liabilities were 8,489 million yen in the previous consolidated fiscal year

(Adoption of "Accounting Standard for Disclosure of Accounting Estimates")

Effective the consolidated financial statements for the current consolidated fiscal year, the Company began applying the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) to include notes regarding important accounting estimates in the notes on consolidated financial statements.

2. Notes on accounting estimates

Items whose amounts were recorded in the consolidated financial statements for the current consolidated fiscal year based on accounting estimates and which may have a significant impact on the consolidated financial statements for the following consolidated fiscal year are as follows.
These items are determined based on the best estimates and judgments of management but could be influenced by fluctuations in uncertain future economic conditions and amendments and promulgation of related laws. If revisions become necessary, it could have a significant impact on the amounts that will be recognized in the consolidated financial statements of subsequent periods.

(1) Impairment of non-financial assets

The impairment test of the cash generating units allocated the goodwill determines the necessity of recognizing impairment loss, by calculating the recoverable amount, based on certain assumptions such as future cash flows based on business plan, discount rate, and continuous growth rate.

Goodwill ¥ 58,633 million

(2) Recoverability of deferred tax assets

In recognizing deferred tax assets, the timing and amount of future taxable income are estimated based on business plans for determining the possibility of whether there will be taxable income.

Deferred tax assets ¥ 20,150 million

3. Notes on the consolidated statement of financial position

(1) Assets pledged and claims related thereto

Assets pledged	Current assets	¥ 7	million
	Non-current assets	¥ 12,814	million
	Total	¥ 12,821	million
Liabilities related to the above	Borrowings (current liabilities)	¥ 2	million
	Borrowings (non-current liabilities)	¥ 31	million
	Total	¥ 33	million

(2) Loss allowance directly deducted from assets

Current assets: ¥ 716 million
Non-current assets: ¥ 214 million

(3) Accumulated depreciation on property, plant and equipment (including accumulated impairment loss):
¥ 546,565 million

4. Notes on the Consolidated Statement of Profit or Loss

(1) Outline of assets or asset groups recognized as impairment losses

Category	Description	Type	Location
Business assets	Product manufacturing equipment, etc. for the Elastomers Business, etc.	Machinery and equipment, etc.	Japan (Yokkaichi, Mie, etc.) Thailand Hungary etc.
Business assets	Product manufacturing equipment, etc. for the Display Solutions Business	Machinery and equipment, etc.	Taiwan
Business assets	Goodwill, etc. for the Life Sciences Business	Goodwill, etc.	USA

(2) Background for recognition of impairment losses

The Company started and partially implemented business restructuring, including unlimited structural reforms in the Elastomers Business in the current consolidated fiscal year. As part of the business restructuring program, the Company reduced the carrying amount to the recoverable amount for assets of some operations of the Elastomers Business, the Display Solutions Business and the Life Science Business for which the investment amount became unlikely to be recovered. The reduction amount of 79,575 million yen was recorded as impairment loss under "Other operating expenses."

(3) Amounts of impairment losses

Buildings	¥ 14,185 million
Structures	¥ 3,470 million
Machinery and equipment	¥ 51,660 million
Tools, furniture and fixtures	¥ 2,241 million
Software	¥ 3,908 million
Intangible assets (excluding Software)	¥ 1,869 million
Other	¥ 2,242 million
Total	¥ 79,575 million

(4) Method of grouping assets

As a general rule, assets are grouped according to management accounting classifications, which are used to continuously monitor income and expenses.

5.Notes on the consolidated statement of changes in net assets

(1) Class and number of issued shares at the end of the current consolidated fiscal year:

226,126,145 ordinary shares

(2) Matters related to dividends from surplus

1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date of dividends
Ordinary General Meeting of Shareholders on June 17, 2020	Ordinary shares	6,441	30	March 31, 2020	June 18, 2020
Board of Directors Meeting on October 27, 2020	Ordinary shares	6,447	30	September 30, 2020	November 27, 2020
Total		12,888	60		

2) Dividends of which record dates belong to the current consolidated fiscal year and of which effective dates of dividends fall after the end of the current consolidated fiscal year

The Company will propose, at its ordinary general meeting of shareholders to be convened on June 17, 2021 an agenda for term-end dividends for appropriation of surplus as detailed below.

Resolution	Class of shares	Total amount of dividends (million yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date of dividends
Ordinary General Meeting of Shareholders on June 17, 2021	Ordinary shares	6,447	Retained Earnings	30	March 31, 2021	June 18, 2021

(3) Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights at the end of the current consolidated fiscal year

312,600 ordinary shares

6.Notes on financial instruments

(1) Matters relating to status of financial instruments

The Group focuses on ensuring an appropriate capital and debt structure in relation to economic conditions and current company circumstances, and raises necessary funds for operating capital, capital expenditure, investments and loans and other items.

The Group reduces credit risk on trade and other receivables through credit management based on an internal regulation named “Rules for Receivables Management.”

The Group utilizes methods such as foreign exchange forward contracts and currency swap transactions to reduce exchange rate risks on receivables and payables denominated in foreign currency. Interest rate swap transactions are utilized to reduce interest rate risks on certain borrowings. Derivative transactions are conducted only to hedge exchange rate risks and interest rate risks and are not entered into for speculative purposes.

The Group reduces liquidity risks related to procuring funds through borrowings, etc. by maintaining and securing appropriate on-hand liquidity.

Market price risks on equity securities held are reduced by regularly monitoring the market prices and financial conditions of the issuers.

(2) Matters related to fair value, etc. of financial instruments

There is no significant difference between the carrying value and fair value of financial instruments on the consolidated account closing date.

7. Notes on per-share information

Equity attributable to owners of parent per share	¥ 1,554.17
Basic earnings per share	¥ (256.73)

(Note) The Group's consolidated financial statements are presented with amounts rounded to the nearest millions of yen.

Please note that this is an English translation of the original "Non-Consolidated Financial Statements" which are written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

Balance Sheet

(as of March 31, 2021)

(in millions of yen)

Items	**Current Fiscal Year**	Previous Fiscal Year (Reference)	Items	**Current Fiscal Year**	Previous Fiscal Year (Reference)
	Amount	Amount		Amount	Amount
Assets			**Liabilities**		
Current Assets	**167,989**	**156,963**	**Current Liabilities**	**90,675**	**80,695**
Cash and deposits	21,588	13,066	Accounts payable-trade	44,073	37,387
Notes receivable	42	42	Short-term loans payable	7,300	9,129
Accounts receivable-trade, net	58,497	52,089	Current portion of long-term borrowings	500	-
Marketable securities	12,000	13,000	Accounts payable-other	6,718	8,367
Inventories	46,964	56,356	Accrued expenses	12,714	14,103
Accounts receivable-other	23,948	19,305	Deposits received from subsidiaries and associates	13,285	10,692
Other	4,950	3,105	Provision for loss on business restructuring	1,837	-
			Other	4,249	1,016
Non-current Assets	**260,131**	**246,494**	**Non-current Liabilities**	**67,571**	**13,891**
Property, plant and equipment	**55,026**	**69,569**	Long-term loans payable	-	500
Buildings, net	18,366	18,406	Bonds payable	35,000	-
Structures, net	2,940	4,720	Provision for retirement benefits	12,504	12,303
Machinery and equipment, net	10,403	23,642	Provision for loss on business restructuring	18,780	-
Vehicles, net	103	102	Other	1,287	1,089
Tools, furniture and fixtures, net	5,278	7,405			
Land	13,001	13,001	**Total Liabilities**	**158,246**	**94,586**
Construction in progress	4,934	2,293	**Net Assets**		
			Shareholders' equity	**257,120**	**299,833**
Intangible assets	**10,166**	**8,566**	**Capital stock**	**23,370**	**23,370**
Software	1,215	1,217	**Capital surplus**	**25,276**	**25,230**
Other	8,951	7,349	Legal capital surplus	25,230	25,230
			Other capital surplus	46	-
Investments and other assets	**194,939**	**168,359**	**Retained earnings**	**227,676**	**270,781**
Investment securities	35,327	29,536	Legal retained earnings	3,710	3,710
Shares of subsidiaries and associates	107,388	111,145	Other retained earnings	223,965	267,070
Investments in capital of subsidiaries and associates	6,858	6,684	Reserve for advanced depreciation of non-current assets	3,626	3,712
Long-term loans receivable from subsidiaries and associates,	18,721	14,405	General reserve	42,431	42,431
Long-term prepaid expenses	1,609	145	Retained earnings brought forward	177,908	220,927
Prepaid pension cos	2,490	1,634	**Treasury stock**	**(19, 202)**	**(19,547)**
Deferred tax assets	20,230	2,763			
Other	2,318	2,047	**Valuation and translation adjustments**	**12,326**	**8,542**
			Unrealized gains on securities, net of taxes	12,326	8,542
			Subscription rights to shares	**428**	**495**
			Total Net Assets	**269,874**	**308,871**
Total Assets	**428,120**	**403,457**	**Total Liabilities and Net Assets**	**428,120**	**403,457**

(Note) Amounts are rounded to the nearest millions of yen.

Statement of Income
(from April 1, 2020 to March 31, 2021)

(in millions of yen)

Items	Current Fiscal Year	Previous Fiscal Year (Reference)
	Amount	Amount
Net Sales	**210,480**	**225,156**
Cost of sales	**147,423**	**158,536**
Gross profit	**63,057**	**66,621**
Selling, general and administrative expenses	**51,161**	**54,889**
Operating income	**11,897**	**11,731**
Non-operating income	**8,887**	**9,575**
Interest income	270	218
Dividends income	6,752	8,146
Foreign exchange gains	822	37
Other	1,044	1,174
Non-operating expenses	**3,073**	**1,881**
Interest expenses	45	38
Interest expenses on bonds	81	-
Loss on abandonment of non-current assets	99	223
Other	2,848	1,619
Ordinary income	**17,711**	**19,426**
Extraordinary income	**1,529**	**10,936**
Gain on sales of investment securities	1,322	10,209
Reversal of allowance for doubtful accounts	200	286
Other	7	442
Extraordinary loss	**66,105**	**9,137**
Business restructuring expenses	65,223	-
Bad debts written off	9	6,316
Impairment loss	-	1,454
Provision of allowance for doubtful accounts	-	90
Other	873	1,278
Income (loss) before income taxes	**(46,865)**	**21,224**
Income taxes	**(16,649)**	**(1,688)**
Income taxes-current	2,488	371
Income taxes-deferred	(19,137)	(2,059)
Net income (loss)	**(30,217)**	**22,912**

(Note) Amounts are rounded to the nearest millions of yen.

Statements of Changes in Net Assets

(from April 1, 2020 to March 31, 2021)

(in millions of yen)

	Shareholders' equity								
		Capital surplus			**Retained earnings**				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	**Total**
Balance at the beginning of the current fiscal year	**23,370**	**25,230**	**-**	**25,230**	**3,710**	**3,712**	**42,431**	**220,927**	**270,781**
Changes of items during the current fiscal year									
Dividends from surplus				-				(12,888)	**(12,888)**
Net income (loss)				-				(30,217)	**(30,217)**
Reversal of reserve for advanced depreciation of non-current assets				-		(112)		112	**-**
Provision of reserve for advanced depreciation of non-current assets				-		26		(26)	**-**
Purchase of treasury stock				-					**-**
Disposal of treasury stock			46	46					**-**
Net changes of items other than shareholders' equity				-					**-**
Total changes of items during the current fiscal year	-	-	46	46	-	(86)	-	(43,019)	**(43,105)**
Balance at the end of the current fiscal year	**23,370**	**25,230**	**46**	**25,276**	**3,710**	**3,626**	**42,431**	**177,908**	**227,676**

	Shareholders' equity		Valuation and translation adjustments	Subscription rights to shares	**Total net assets**
	Treasury stock	**Total shareholders' equity**	Unrealized gains on securities, net of tax		
Balance at the beginning of the current fiscal year	**(19,547)**	**299,833**	**8,542**	**495**	**308,871**
Changes of items during the current fiscal year					
Dividends from surplus		**(12,888)**			**(12,888)**
Net income (loss)		**(30,217)**			**(30,217)**
Reversal of reserve for advanced depreciation of non-current assets		–			–
Provision of reserve for advanced depreciation of non-current assets		–			–
Purchase of treasury stock	(3)	**(3)**			**(3)**
Disposal of treasury stock	349	**395**			**395**
Net changes of items other than shareholders' equity		–	3,784	(67)	**3,716**
Total changes of items during the current fiscal year	346	**(42,713)**	3,784	(67)	**(38,997)**
Balance at the end of the current fiscal year	**(19,202)**	**257,120**	**12,326**	**428**	**269,874**

(Note) Amounts are rounded to the nearest millions of yen.

Notes on Financial Statements

1. Notes on matters related to the significant accounting policy

(1) Standards and methods of valuation applicable to assets

1) Securities

Shares of subsidiaries and associates: Stated by cost method based on moving average method.

Available-for-sale securities:

Securities carrying market value	…	Valued by market method based on fair market value prevailing on the accounting closing date. Any valuation difference is recorded directly in net assets, and the cost of sale of relevant securities was computed on the basis of moving average method.
Securities not carrying market value	…	Valued by cost method based on moving average method or by depreciation cost method.

2) Derivatives

Valued by market method.

3) Inventories

Stated at cost based on gross average method (devaluated book value on the balance sheet in the event of lower profitability).

(2) Methods of depreciation applicable to non-current assets

1) Property, plant and equipment (excluding leased assets)

The straight-line method is applied.

2) Intangible assets (excluding leased assets)

The straight-line method is applied.

The costs of software for the Company's own use are amortized over the estimated useful life (5 years) using the straight-line method.

3) Leased assets

The straight-line method is applied regarding lease period as useful life and up to no residual value.

(3) Standards applicable to reporting of provisions

1) Allowance for doubtful accounts

In order to prepare for loss on claims, allowance is reported and the amount is determined on the basis of actual past losses for general claims, and on the basis of anticipated unrecoverable amounts for specific claims such as those involving the risk of loss.

2) Provision for Directors' bonuses

In order to prepare for payment of Directors' and Audit & Supervisory Board Members' bonuses, the amount that is deemed to have accrued at the close of the current fiscal year is reported on the basis of anticipated amounts.

3) Provision for retirement benefits

In order to prepare for payment of employees' retirement benefits, the amount that is deemed to have accrued at the end of the current fiscal year is reported on the basis of anticipated amounts of retirement benefits obligations and plan assets as of the end of the current fiscal year. The benefit formula standard is applied for the method of attributing expected retirement benefits to the period.

Actuarial gain or loss is recognized as expense in lump sum during the following fiscal year.

4) Provision for environmental measures

The Company has recorded its estimate of the cost of disposing of polychlorinated biphenyl (PCB) and other materials.

5) Allowance for investment loss
The Company has recorded appropriate estimate of possible loss against the investment in subsidiaries and associates considering the financial standings of such subsidiaries and/or associates in question.

6) Provision for loss on business restructuring
To provide for losses due to business restructuring that are expected to arise at the Company and its subsidiaries and affiliated companies, the estimated loss is reported.

(4) Other significant matters serving as the basis for the production of financial statements

1) Hedge accounting
Special-measures treatment is applied to interest rate swap transactions if the requirements for special-measures treatment are fulfilled.

2) Accounting treatment method applicable to consumption tax, etc.
The accounting treatment of the consumption tax and the local consumption tax is based on the tax exclusion method.

3) Application of consolidated corporate-tax return system
The consolidated corporate-tax return system is applied.

(5) Changes in presentation
(Adoption of “Accounting Standard for Disclosure of Accounting Estimates”)
Effective the non-consolidated financial statements for the current fiscal year, the Company began applying the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) to include notes regarding important accounting estimates in the notes on non-consolidated financial statements.

2. **Notes on accounting estimates**
Items whose amounts were recorded in the non-consolidated financial statements for the current non-consolidated fiscal year based on accounting estimates and which may have a significant impact on the non-consolidated financial statements for the following fiscal year are as follows.
These items are determined based on the best estimates and judgments of management but could be influenced by fluctuations in uncertain future economic conditions and amendments and promulgation of related laws. If revisions become necessary, it could have a significant impact on the amounts that will be recognized in the financial statements of subsequent periods.

(1) valuation of shares of subsidiaries and associates
For shares whose fair value is deemed to be extremely difficult to determine, such as investment in an unlisted subsidiary are included in shares of subsidiaries and associates recorded on the balance sheet, valuation losses are recognized if there is a significant drop in their real value due to the deteriorating financial condition of the issuing company. This does not apply when the investment’s recoverability is supported by sufficient evidence.
For shares which were acquired at a considerably higher price than the amount of net assets per share reflecting excess earning power, its real value is calculated by reflecting the excess earning power when evaluating the investment. The excess earning power are calculated based on certain assumptions such as future cash flows based on business plan, discount rate, and continuous growth rate.

Shares of subsidiaries and associates ¥ 107,388million

(2) Recoverability of deferred tax assets
Information on estimation methods is omitted as it is same provided in the notes on the consolidated financial statements.

Deferred tax assets ¥ 20,230million

3. Notes on balance sheet

(1) Assets pledged and claims related thereto

Assets pledged	Property, plant and equipment	¥ 5,280 million
Liabilities related to the above	Long-term loans payable (liabilities arising from bank transactions)	¥ 1 million

(2) Allowances directly deducted from assets

1) Allowance for doubtful accounts

Current Assets	Accounts receivable-trade, net	¥ 1 million
Investments and other assets	Long-term loans receivable from subsidiaries and associates, net	¥ 6,846 million
	Other	¥ 36 million

2) Allowance for investment loss

Investments and other assets	Shares of subsidiaries and associates	¥ 310 million

(3) Accumulated depreciation on property, plant and equipment (including accumulated impairment loss):
¥ 332,264 million

(4) Claims to/from subsidiaries and associates（including those presented separately）

Short-term monetary claims to associates	¥ 38,574 million
Long-term monetary claims to associates	¥ 25,534 million
Short-term monetary obligations from associates	¥ 28,387 million

(5) Export exchange notes discounted: ¥ 185 million

(6) Guarantee obligations

JSR Micro, Inc.	¥ 13,479 million
JSR MOL Synthetic Rubber Ltd.	¥ 10,343 million
JSR BST Elastomer Co., Ltd.	¥ 9,401 million
KBI Biopharma,Inc.	¥ 7,750 million
Crown Bioscience International	¥ 1,439 million
Selexis S.A.	¥ 881 million
JSR Micro (Changshu) Co., Ltd.	¥ 133 million
Total	¥ 43,426 million

4. Notes on statement of income

(1) Transactions with subsidiaries and associates:

Operating transaction	
Sales	¥ 91,699 million
Amount for goods purchased	¥ 39,781 million
Other trade transactions	¥ 16,789 million
Non-operating transactions	¥ 3,875 million

(2) Business restructuring expenses

Business restructuring expenses mainly include costs related to structural reforms in the Elastomers Business. The breakdown of business restructuring expenses of 65,223 million yen is as follows.

Impairment loss	¥21,721million
Provision for loss on business restructuring	¥20,617million

Loss on valuation of shares of subsidiaries and affiliated companies	¥14,816million
Provision of allowance for doubtful accounts	¥6,620million
Other	¥1,449million
Total	¥65,223million

(3) Impairment losses on non-current assets

1) Outline of assets or asset groups recognized as impairment losses

Category	Description	Type	Location
Business assets	Manufacturing equipment for elastomer products	Machinery and equipment, etc.	Minato, Tokyo Yokkaichi, Mie Ichihara, Chiba Kamisu, Ibaraki

2) Background for recognition of impairment losses

The Company started and partially implemented business restructuring, including unlimited structural reforms in the Elastomers Business in the current fiscal year. As part of the business restructuring program, the Company reduced the carrying amount to the recoverable amount for assets of the Elastomers Business for which the investment amount became unlikely to be recovered. The reduction amount of 21,721 million yen was recorded as impairment loss.

3) Amounts of impairment losses

Structures	¥ 2,174 million
Machinery and equipment	¥ 14,896 million
Vehicles	¥ 0 million
Tools, furniture and fixtures	¥ 731 million
Construction in progress (Tangible)	¥ 582 million
Software	¥ 38 million
Construction in progress (Intangible)	¥ 3,299 million
Total	¥ 21,721 million

4) Method of grouping assets

As a general rule, assets are grouped according to management accounting classifications, which are used to continuously monitor income and expenses.

5. Note on statements of changes in net assets

Class and number of treasury stock at the end of the current fiscal year:
11,223,335 ordinary shares

6. Note on tax effect accounting

Deferred tax assets was major cause of impairment loss, loss on valuation of shares of subsidiaries and affiliated companies, provision for loss on business restructuring and allowance for doubtful accounts.

7. Notes on transactions with related parties

Subsidiaries, associates, etc.

Attribute	Name of company	Voting rights ownership rate (%)	Contents of relationship		Contents of transactions	Transaction amount (million yen)	Item	Balance at the end of the current fiscal year (million yen)
			Directors serving concurrently	Business relationship				
Subsidiary	JSR Trading Co., Ltd.	100	None	Sale of products of the Company	Sale of products (Note 1)	22,094	Accounts receivable -trade	5,266
				Loans receivable	Loans receivable (Note 2)	34,564	Loans receivable from subsidiaries and associates	4,891
Subsidiary	JSR Engineering Co., Ltd	100	None	Purchase of equipment & facilities	Purchase of equipment & facilities (Note 4)	8,932	Accounts payable - other	2,404
Subsidiary	JSR Micro, Inc.	100	None	Guarantee obligations	Guarantee obligations of loans payable	13,479	—	—
Subsidiary	KBI Biopharma, Inc.	90	None	Guarantee obligations	Guarantee obligations of loans payable	7,750	—	—
Subsidiary	ELASTOMIX Co., Ltd.	98.5	None	Deposit from subsidiary	Deposit from subsidiary (Note 5)	3,978	Deposits received from subsidiaries and associates	5,276
Subsidiary	JSR BST Elastomer Co., Ltd.	51	None	Guarantee obligations	Guarantee obligations of loans payable	9,401	—	—
Subsidiary	JSR MOL Synthetic Rubber Ltd.	51	None	Guarantee obligations	Guarantee obligations of loans payable	10,343	—	—
				Loans receivable	Loans receivable (Note 3)	4,634	Loans receivable from subsidiaries and associates	6,620

Subsidiary	JSR North America Holdings, Inc.	100	3 people serving	Loans receivable	Loans receivable (Note 2)	8,801	Loans receivable from subsidiaries and associates	5,037
Subsidiary	Emulsion Technology Co., Ltd.	100	None	Deposit from subsidiary	Deposit from subsidiary (Note 5)	5,211	Deposits received from subsidiaries and associates	3,738
Subsidiary	Techno-UMG Co., Ltd.	51	None	Supply of raw materials	Supply of raw materials (Note 6)	8,609	Accounts receivable-other	3,203
Subsidiary	JSR Micro N.V.	100	None	Sale of products of the Company	Sale of products (Note 1)	9,151	Accounts receivable - trade	4,022

Terms and conditions of transactions and the policy for determining the terms and conditions, etc.

(Notes)

1. Terms and conditions for the sale of products are determined through negotiation upon the desirable prices offered by the Company considering full cost of the products and market prices.
2. Interest rates on loans receivable are determined through negotiation considering market interest rates.
3. Interest rates on loans receivable are determined through negotiation considering market interest rates. An allowance for doubtful accounts of 6,620 million yen was recorded for the loans receivable.
4. Terms and conditions for the purchase of equipment and facilities are determined through negotiation upon the desirable prices offered by the Company considering the full cost and market prices.
5. Interest rates on deposits are determined through negotiation considering prevailing interest rates in financial market.
6. Terms and conditions for the supply of raw materials are determined through negotiation based upon the desirable prices offered by the Company considering market prices.
7. Transaction amounts do not include consumption tax, etc. The amounts stated as the balance at the end of the current fiscal year include consumption tax, etc.

8. Notes on per-share information

Net assets per share	¥1,253.80
Net income (loss) per share	(¥140.65)

Please note that this is an English translation of the original Audit Report from Accounting Auditors which is written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

Audit Report from Accounting Auditors
(on Consolidated Financial Statements)

May 7, 2021

To: Board of Directors
JSR Corporation

KPMG AZSA LLC

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Tomoyoshi Inoue	(seal)
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Iwao Hirano	(seal)
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yukihiro Kase	(seal)

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of JSR Corporation ("the Company") and its its consolidated subsidiaries (collectively referred to as "the Group") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with audit & Supervisory board members and audit & supervisory board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide audit & supervisory board members and audit & supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Please note that this is an English translation of the original Audit Report from Accounting Auditors which is written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

Audit Report from Accounting Auditors

(on Non-Consolidated Financial Statements)

May 7, 2021

To: Board of Directors
JSR Corporation

KPMG AZSA LLC

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Tomoyoshi Inoue	(seal)
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Iwao Hirano	(seal)
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yukihiro Kase	(seal)

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets, the related notes, and the supplementary schedules of JSR Corporation as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the rerated notes, and the supplementary schedules of JSR Corporation. ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with audit & supervisory board members and audit & supervisory board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide audit & supervisory board members and audit & supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Please note that this is an English translation of the original Audit Report from the Audit & Supervisory Board which is written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

Audit Report of the Audit & Supervisory Board

Audit Report

The Audit & Supervisory Board, with regard to the execution of duties of the Directors during the 76th fiscal term commencing on April 1, 2020 and ending on March 31, 2021, has discussed and prepared its audit report as described below based upon audit reports prepared by each of the Audit & Supervisory Board Members:

1. Methods and contents of the audits by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board has established audit policies, assigned responsibilities to each Audit & Supervisory Board Member for audits, and received reports from each Audit & Supervisory Board Member on the implementation and results of their audits. In addition, the Audit & Supervisory Board has received reports, requesting explanations when necessary, from Directors, other executives and Accounting Auditors (Independent Auditors) concerning the execution of their duties.

(2) Each Audit & Supervisory Board Member has, in accordance with the audit standards for Audit & Supervisory Board Members set forth by the Audit & Supervisory Board and with the relevant audit policies and the assignment of responsibilities, facilitated communication with Directors, the Internal Audit Office, employees and other parties, and has endeavored to collect information and develop an optimum audit environment while conducting audits using the following methods:

1) Each Audit & Supervisory Board Member has attended the Board of Directors meetings and other important meetings, received reports, requesting explanations when necessary from Directors, employees and other parties on the execution of their duties, reviewed important documents evidencing the authenticity of corporate decisions made, and examined the status of business operations as well as the assets at the head office and other major business offices. In addition, with regard to subsidiaries, each Audit & Supervisory Board Member has endeavored to communicate and exchange information with Directors, Audit & Supervisory Board Members and other parties of subsidiaries, and received reports, when necessary, from subsidiaries.

2) Each Audit & Supervisory Board Member has regularly received reports, requested explanations when necessary from Directors, employees and other parties, and express its opinion on (i) the contents of the resolution of the Board of Directors on the establishment of structures and the systems to ensure the compliance of Directors' execution of duties with laws and ordinances and Articles of Incorporation as well as to secure the propriety of the conducting businesses of the group comprising the Company and its subsidiaries as set forth under the Article 100, Paragraph 1 and 3 of the Enforcement Regulations of the Companies Act, and (ii) the status of operational execution and maintenance of such structures and systems (internal control system) established based on such resolutions, which are stated in the Business Report of the Company. In addition, with regard to subsidiaries of the Company, each Audit & Supervisory Board Member has received reports and requested explanations when necessary from Directors, employees and other parties of the subsidiaries with regard to the establishment of structures and systems as well as their operational status and requested explanations from such parties when necessary. Concerning internal control over financial reporting, each Audit & Supervisory Board Member has received reports from Directors, etc., and KPMG AZSA LLC. on the evaluation results and the audit status of these internal controls, and requested explanations from such parties when necessary.

3) Each Audit & Supervisory Board Member has monitored and verified the Accounting Auditors' independence and propriety in implementing their audits and has also received reports, requesting explanations when necessary, on their execution of duties. In addition, each Audit & Supervisory Board Member has received a notice from the Accounting Auditors that ensures that "the system for ensuring Accounting Auditors' appropriate execution of duties" (the terms respectively set forth under each of the paragraphs of Article 131 of the Corporation Accounting Regulations) has been maintained in accordance with the "the Standards on Quality Control Concerning Audit"

(established by the Business Accounting Council on October 28, 2005), and requested explanations when necessary.

Through these methods, each Audit & Supervisory Board Member reviewed the Business Report of the Company and the supplementary statements thereto, non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in net assets, and notes on non-consolidated financial statements) and the supplementary statements thereto as well as the consolidated financial statements (consolidated financial positions, consolidated statements of profit or loss, consolidated statements of changes in equity, and notes on consolidated financial statements), for the fiscal term under review.

2. Audit results

(1) Results of audit on Business Report and other documents

1) We acknowledge that the Business Report and its supplementary statements fairly represent the status of the Company in accordance with the laws and ordinances, and the Articles of Incorporation.
2) With regard to the execution of duties of the Directors, we have found neither misconduct nor material matters in violation of laws and ordinances or the Articles of Incorporation.
3) We acknowledge that the contents of the resolutions of the Board of Directors regarding the structures and systems for internal control are fair and proper. We also have found nothing to be specifically addressed concerning descriptions of the Business Report and the execution of duties of Directors in relation to the structures and systems for internal control. In addition, we have received reports from Directors, etc., and KPMG AZSA LLC stating that there were no material defects to be specifically disclosed concerning internal control over financial reporting at the time of preparing this Audit Report.

(2) Results of audit on non-consolidated financial statements and its supplementary statements
We acknowledge that the methods and the conclusions of the audit by KPMG AZSA LLC are fair and proper.

(3) Results of audit on consolidated financial statements
We acknowledge that the methods and the conclusions of the audit by KPMG AZSA LLC are fair and proper.

May 10, 2021

Audit & Supervisory Board, JSR Corporation

Full-time Audit & Supervisory Board Member	Tomoaki Iwabuchi	(seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Hisako Kato	(seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Sumio Moriwaki	(seal)

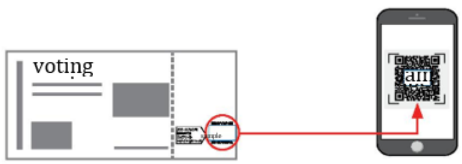
Guidance for Online Voting via Internet

Dear shareholders,

We have provided 2 types online voting measures for your convenience.
Much to our regret, however, both of the following online voting systems are provided only in Japanese language.

1. Online voting by using Smartphones / Tablets

If you have a smartphone or a tablet pc, you may be able to exercise your voting rights via internet in a very quick.



1. Please scan QR Code (two dimensional bar code) printed at the righthand bottom of the voting ballot.

2. Then, your smartphone will guide you directly to the site for voting

3. You will be ready for voting following the instructions.

Please note, however, you may be able to use this option only once. If you like to vote for the second time, please use your PC in accordance with the option provided below;

2. Online voting by using conventional PCs via internet

You may be able to exercise your voting rights via Internet by accessing our web site designed for online voting. Please also note that you need "Voting Code" and "Password" indicated in the right part of the ballot form.

1. Access:
   Please access https://www.web54.net.
2. Login
   Enter the Voting Code provided in the ballot form following the instruction
3. Enter Password
   Enter the Password provided in the ballot form following the instruction
4. Vote
   Now you may be able vote following the instructions

Please securely keep your Password until the close of the Ordinary General Shareholders Meeting as the Password can prove your legitimacy as a shareholder of the Company. In addition, we will be unable to answer any inquiries relating to the Password by phone etc.

The access to the web site for online voting will be locked if you enter wrong Password a certain time, in such an event, please follow the instructions to be provided on the screen.

3. Contact point for inquiries relating to how to operate your PCs, etc.

Inquiries relating to operation of your PCs for exercising your voting rights via Internet: "Web Support", Stock Transfer Agency, Sumitomo Mitsui Trust Bank, Limited. Tel: 0120-652-031 (free dial) accessible from 9:00-21:00	Inquiries relating to your registered address, number of shares owned, or other: Operating Center, Stock Transfer Agency, Sumitomo Mitsui Trust Bank, Limited. Tel: 0120-782-031 (free dial) Accessible from 9:00-17:00 only on weekdays (excluding national holidays)