

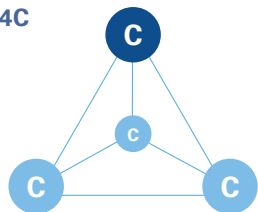
Human Resources

Philosophy

JSR Group drives its organization and personnel based upon the following measures:

- 1 Develop mechanisms and a corporate culture with a healthy balance of 'Freedom' and 'Discipline,' guided by the Course of Action's 4Cs to enable managers and junior staff to grow together, help all employees accurately perceive and solve issues in order to foster a JSR that not only maintains its organizational capacity, but ensures its future growth.
- 2 Promote the globalization of JSR corporation employees while developing a globalized workforce within JSR Group as well as train and manage the Group's human resources on a global level.
- 3 Generate synergies which take full advantage of the increasing range of diversity (in terms of nationality, culture, gender, values, etc.) throughout JSR Group's vast human resource pool.

Course of Action: 4C



Challenge
Communication
Collaboration
Cultivation

Challenge

All employees of JSR Group should share a common, global focus and desire to succeed. Employees should feel confident to autonomously take on new challenges, learning from successes while viewing setbacks as opportunities to learn, grow and improve.

Communication

All employees should feel comfortable and confident maintaining open lines of bi-directional communication at all levels within the JSR Group. Employees should strive for organizational transparency through direct conversations as the best means to share value and achieve common goals, especially in the face of growth and diversification.

Collaboration

Employees will work together in the spirit of cooperation valuing common corporate goals over internal or departmental barriers. Employees will also be encouraged to actively collaborate with external resources and not be bound to conventional ideas.

Cultivation

All employees will cultivate an environment that supports bi-directional communication between managers and subordinates and provides opportunities to develop together as individuals and as members of productive, supportive teams.

Diversity of Human Resources and Organizations

JSR promotes diversity in both its human resources and its organizations and continues with efforts to foster mutual recognition.

JSR's efforts to date have been well received. On October 28, 2019, JSR received "Eruboshi" (2nd stage) certification from the Ministry of Health, Labour and Welfare, which recognizes companies that have excelled in promoting the active participation and advancement of women in the workplace. The Group is implementing an HR system that recognizes and accepts not only women but all types of human diversity.

Organizationally, JSR has continued to carry out Work Style Innovation activities since 2017. The process has reaffirmed that, rather than developing uniform, Group-wide measures, there is a need to recognize that missions and systems differ among departments. A culture of mutual recognition is being fostered in which each department takes responsibility for devising measures that take advantage of diversity.

Work Style Innovation (WSI) Activities

Background

At JSR, the Company and its employees are engaged in Work Style Innovation (WSI) activities with the goal of boosting competitiveness and achieving sustainable growth.

To achieve this goal, the Company should encourage the active participation of diverse employees, each department should have a system in place to realize its ideal organization, and employees should work in a healthy and positive manner that balances work and lifestyle. WSI activities aim not only to increase work efficiency, but also to make use of digital resources to reassess the way work is done and dramatically increase productivity. The Group is also transforming its corporate culture to ensure that such initiatives are ongoing.

Initiatives

In the various departments, each employee is involved in discussions around the ideal structure of the organization, identifying issues and developing and executing concrete response measures. Once a year, the Internal Audit Office and Diversity Development Office conduct detailed hearings with each department, identify issues within and across departments, and report to management. Management is also committed to activities such as providing a venue for officers in charge to report on measures proposed by each department. In addition to promoting the use of IT and systems that support diverse work styles, management and employees are engaged in dialogue about desirable work attitudes and styles.

Examples of initiatives undertaken in departments

- Improved labor efficiency in regularly-scheduled repairs in plant districts
- Study of high-location inspections with drones^{*1} in plant districts
- Use of a chatbot^{*2} function for responding to common inquiries
- Promotion of IT democratization^{*3} by systems departments and use of simple web systems that can be created with knowledge of Excel

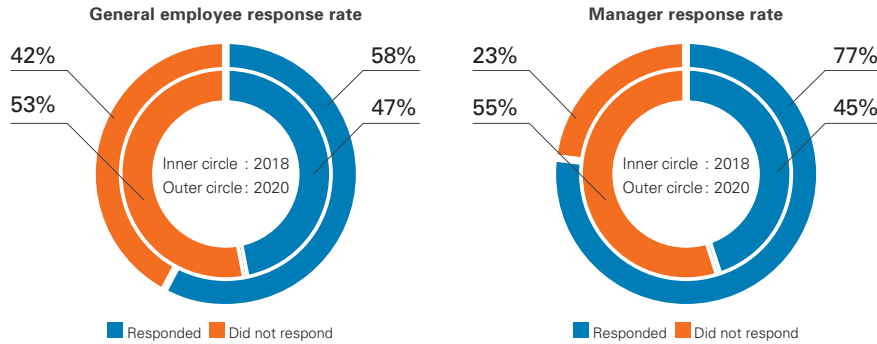
*1 A small unmanned aircraft that can be operated by remote control *2 An automatic conversation program that uses artificial intelligence *3 Improvement activities conducted together with systems strategy department members to help employees in charge of practical operations improve their productivity with IT

Fact-Finding/Awareness Survey

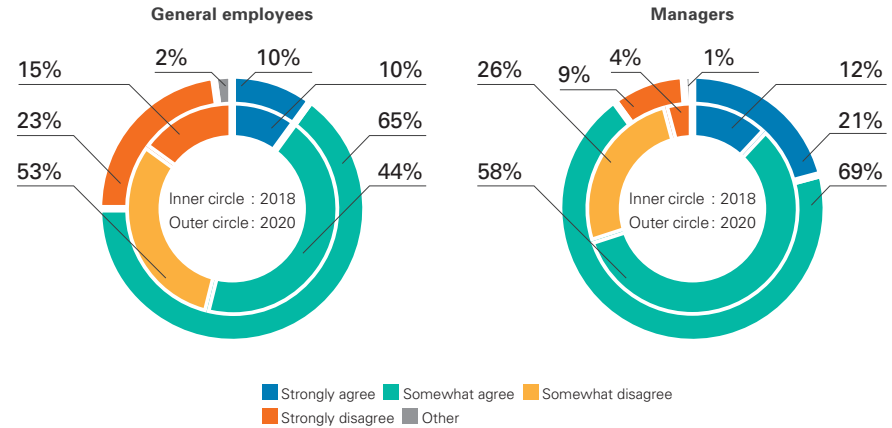
A survey conducted in May and June 2020 assessed employee participation in, and awareness of, WSI activities. The survey response rate was up compared to 2018, and participation and awareness scores also improved for both managers and general employees, indicating increased dissemination of WSI activities. Almost no respondents reported not knowing the purpose of WSI activities. On the contrary, there was broad understanding among respondents that the goal of WSI activities is to increase work efficiency and productivity, and growing awareness that WSI involves multiple objectives.

Fact-Finding/Awareness Survey Results

Survey response rate



I feel I am participating in WSI activities



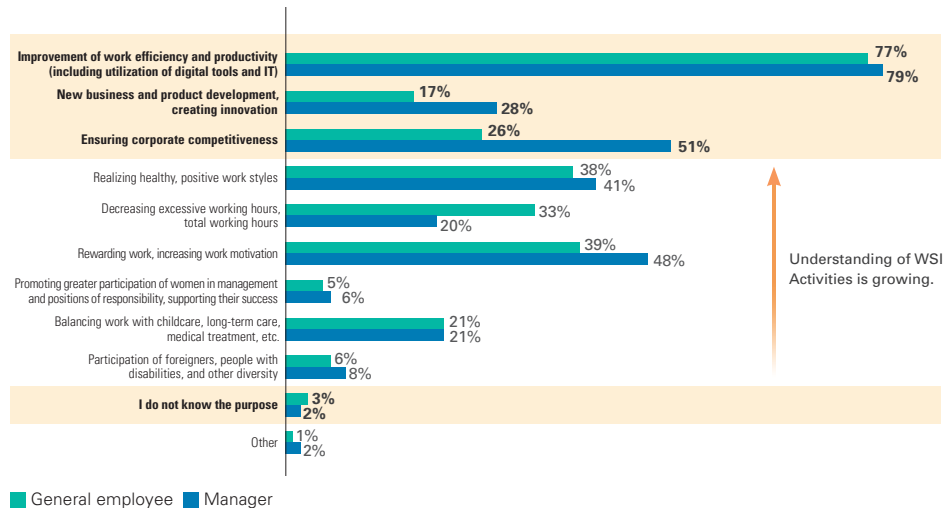
Going Forward

An important outcome of our three years of WSI activities has been a shift in the initial perception of WSI activities as simply a means of reducing excessive working hours. By FY2019, most JSR employees had come to realize that WSI activities were essential in empowering each department to achieve performance in its own way while respecting diversity among departments.

To sustain WSI activities going forward, JSR Group will leverage business inventory tools, create opportunities for discussions and seminars, carry out fixed-point observations through awareness surveys, expand horizontally to related departments, and provide case study-based information.

WSI activities have led to a fundamental reassessment of work styles, fostering a culture of mutual recognition of the diversity of human resources and organizations in the Group. JSR is striving to further deepen employee engagement and grow alongside employees.

Understanding of the purpose of Work Style Innovation activities (multiple answers allowed, selection rate shown)



Workshops for officers and managers

To strengthen managerial involvement, JSR held a total of 30 workshops for all officers and managers in FY2019. As workshop participants thought about the fundamental meaning of working, they gained a deeper understanding of WSI activities and the importance of mutually recognizing the diversity of work styles among departments.

Main feedback from officers

- Since each department's mission differs significantly, it is necessary to think about competitiveness in various ways.
- Increasing productivity and competitiveness must not come at the expense of JSR's basic emphasis on safety.
- With employees from diverse backgrounds, JSR's flexible work system is seen from the outside to be highly attractive.
- Diversity of employee values should also be taken into account in terms of maintaining competitiveness.

Main feedback from managers

- WSI activities should not be construed as activities to reduce overtime.
- WSI activities should be seen as a means of fully reassessing how work is done.
- WSI are activities to realize the ideal form of a department.
- We need activities suited to each department (rather than uniform Company-wide activities).



Initiatives to Develop Diverse Human Resources

Next-generation management

As globalization and digitalization make further inroads, what is required of leaders is also evolving. Since 2007, JSR has been focused on developing leaders by drawing on external support to conduct Next Generation Leader Training. Through case study-based discussions, trainees acquire the business skills next-generation leaders need, such as management standards and the essentials of digital management. Also, through role-playing exercises where they assume the role of the boss, trainees broaden their perspectives by thinking about what is important from a management viewpoint and practicing describing the ideal image of their department. There are already Group officers who are former trainees, and the training has produced numerous, diverse personnel who can think ahead and take initiative in effecting change.

Human resources tied in to technology

JSR is aggressively developing human resources in digital fields in response to the rapid spread of digital transformation (DX). Since 2017, the Group has enlisted US-based DX support company Enthought to run a training program. Engineers have been sent to the US and elsewhere to undergo Python-based advanced analytics training and receive training in research-focused data science. Multiple program graduates are already working at various Group laboratories, providing on-site data management, core system development, simulation technology development, and data analysis automation, helping to raise the level and efficiency of development in each business segment.

Participation in the United Nations Global Compact

JSR Group became a participant in the United Nations Global Compact in April 2009. As such, we will more proactively fulfill our corporate social responsibilities with recognition that businesses operating on a global level must make a greater commitment to human rights, labor, the environment and anti-corruption, as expressed in The Ten Principles of the United Nations Global Compact.



Representative Director, CEO
Eric Johnson

The Ten Principles of the United Nations Global Compact

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.
- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.
- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.
- 10 Businesses should work against corruption in all its forms, including extortion and bribery.