

## Compliance

[Please refer to the JSR Sustainability Site for more details.](https://www.jsr.co.jp/jsr_e/sustainability/governance/compliance.shtml)  
[https://www.jsr.co.jp/jsr\\_e/sustainability/governance/compliance.shtml](https://www.jsr.co.jp/jsr_e/sustainability/governance/compliance.shtml)

### Philosophy

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

### JSR Group Principles of Corporate Ethics

At JSR Group, Group companies, both in Japan and overseas, are advancing corporate ethics activities in an integrated manner. To achieve this, we have formulated JSR Group Principles of Corporate Ethics as a concrete guideline for globally shared corporate ethics that reflect our Essential Elements.

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

\* JSR Group’s Essential Elements: The Essential Elements consist of the Corporate Mission, the Management Policies, and Course of Action: 4C action guidelines.

### Corporate Ethics Activities

#### (1) Corporate Ethics Awareness Survey

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

#### (2) Hotline (Internal Reporting Channels)

##### 1 Hotline for Employees

JSR Group has introduced an internal reporting system called the Corporate Ethics Hotline. To make employees aware of the system, information on accessing the hotline is posted at the top page of our intranet and our online in-house newsletter. At the same time, we strive to build trust in the system by ensuring confidentiality of report content and prohibiting unfair treatment of hotline users. We have designed a system to facilitate use by overseas employees as well, setting up two contact points with specialized outside organizations capable of handling

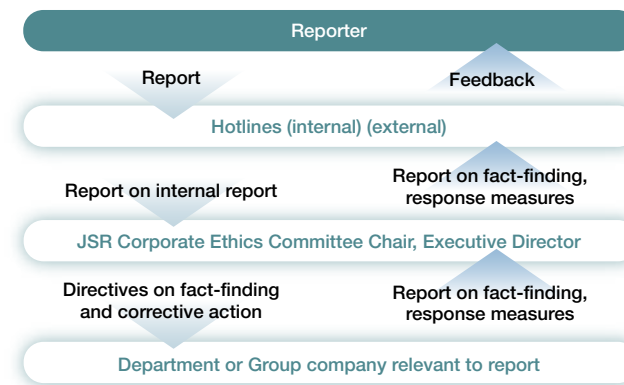
communication in Japanese, English, Chinese, Korean, Thai, and Indonesian. Reports made to the external hotline are also simultaneously reported to full-time auditors so that independence from management is assured.

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

##### 2 Hotline for Business Partners

In its Procurement Department, JSR employs a Supplier’s Hotline, an external reporting channel for business partners, namely suppliers and services providers with whom domestic Group companies do regular business. It receives reports from business

#### Internal Report Flow



partners to quickly discover and resolve violations of the law as well as actual and possible violations of corporate ethics in business transactions. Hotline services are entrusted to the same outside organization employed for the employee hotlines. Efforts are being made to improve reliability by enforcing strict secrecy of reports and prohibiting any handling of reports that would be disadvantageous to those reporting.

### Legal Compliance Measures

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

### Approach to Preventing Bribery and Unfair Competition

JSR has formulated a Policy for Bribery Prevention, Rules on Complying with Anti-Corruption Laws, and Standards for Gift-Giving and Entertaining that specify necessary items for all executives and employees to comply with the Japanese Unfair Competition Prevention Act, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other anti-corruption laws. In addition, JSR has also formulated Rules on Antimonopoly Law (Japan), Rules on Complying with U.S. Antitrust Laws, Rules on Complying with the EU's

Antitrust Laws, and Rules on Complying with Korean Fair Trade Laws that specify items necessary for complying with each country's antimonopoly (antitrust) laws.

### Protection of Personal Information

JSR Group recognizes the importance of protecting personal information. We have therefore formulated a Privacy Policy and Rules for Handling Personal Information that sets out our approach to the acquisition, use, and management of personal information based on the Act on the Protection of Personal Information. We have also established Rules for Handling Specific Personal Information in response to the introduction of Japan's Individual Number system.

Moreover, in accordance with relevant laws and our privacy policy, we ensure the appropriate handling of specific personal information by defining, within these rules, precautions and security standards necessary to ensure the proper use and protection of this information at each stage of acquisition, storage, use, provision, disclosure, correction, suspension of use, and deletion. Furthermore, for Group companies that will handle personal data covered by the EU's General Data Protection Regulation (GDPR), we are providing support for the development and operation of a GDPR compliance system to be applied to the acquisition, processing, and transfer of covered personal data.

### Initiatives for Bioethics

JSR Group conducts life science and medical research on human subjects mainly as it relates to the Life

Sciences Business. This research fully complies with the laws and regulations of each country where it takes place. JSR and Medical & Biological Laboratories Co., Ltd. (MBL) are both subject to the Ethical Guidelines for Medical and Biological Research Involving Human Subjects, co-developed by the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare, and the Ministry of Economy, Trade and Industry. Both companies have established internal rules required under these guidelines along with an Ethics Review Committee comprised of internal and external members in order to screen research from ethical and social perspectives. Applicable research is carried out following the research plan deliberated on and approved by this committee. Furthermore, we provide training on bioethics to employees involved in this research to ensure they follow proper research practices.

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