


Risk Management

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

Philosophy

JSR Group believes that preventing a major crisis from occurring and minimizing the impact of a crisis on business activities are important management roles. The Group has formulated Risk Management Policies and established a Risk Management Committee through which it actively pursues risk management activities.

Risk Management System

JSR Group manages risk by largely classifying it into two types: risk related to business strategies and risk related to business operations.

Among these, for risk related to business strategies, we engage in management through deliberations and decisions made in important meetings, such as those of the Board of Directors, Executive Committee, and Business Issues Committee. For risk related to business operations, under the Risk Management Policies, we engage in risk management centered on the Risk Management Committee.

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

Furthermore, the department strives to maintain and strengthen internal control levels for the entire Group and conducts internal audits to ensure the appropriate and efficient execution of operations.

Risk Management Committee

JSR Group believes that preventing a major crisis from occurring and minimizing the impact of potential crises on business activities are important management roles. The Group has formulated Risk Management Policies and established a Risk Management Committee, chaired by the officer in charge of the Corporate Planning, which carries out risk management. The Committee pursues continuous improvement by reviewing response policies and action plans in response to the detailed matters of actual and potential crises.

Identifying Risks and Selecting Important Risks

JSR Group has operated its own unique risk management system since FY2009, and regularly identifies risks facing the entire Group under the initiative of the Risk Management Committee.

For each division of JSR Group companies in and outside of Japan, we identify and evaluate all potential management risks, and formulate measures to control such risks. Utilizing a risk map that represents the level of business impact and frequency of occurrence, we identify risks that could have a significant impact on business continuity and organize the risks into JSR Group Risk Factors. Senior Management builds and maintains systems for prevention and crisis

preparedness by personally monitoring and regularly reviewing important risks that could materialize.

Information Security Initiatives

JSR Group has established an Information Security Policy and strives for appropriate management of information by making this policy known to all employees. In August 2019, we established the Cyber Security Management Office as a department in charge. The office works alongside outside experts to information security management including Group companies, providing training to employees, and enhancing response to incidents such as cyber attacks.

In FY2014, we published an information security handbook to raise sensitivity among employees toward the risks of information leakages and ensure they act in accordance with rules. We make this handbook known to all through the company intranet, e-learning, and workplace networking sessions.

Crisis Management Training

JSR has formulated BCM procedures that summarize the BCM/BCP* systems in place for both normal circumstances and emergency situations. These procedures define the BCM organization and the actual implementation system which includes stipulations on target recovery times, and BCP activation and cancellation standards. They also define the organizational structure that takes effect during activations of the BCP and corresponding priority businesses and operations.

* BCM: Business Continuity Management/BCP: Business Continuity Plan