

Protecting the Environment and Reducing Environmental Impact

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

Philosophy

As a company that deals in chemical substances, JSR Group recognizes that it has a duty to help bring about a sustainable global environment and society.

Consequently, JSR considers reducing the environmental impact of business activities and managing chemical substances to be top priorities and strives to properly manage waste and greenhouse gas emissions arising from energy consumption. Climate change in particular is expected to have a major impact on businesses due to the growing frequency of natural disasters and risks associated with future environmental regulations. For this reason, JSR has positioned the reduction of greenhouse gas emissions as a medium- to long-term management issue.

Reducing Environmental Impact: Material Balance

JSR Group strives to reduce its environmental impact in a comprehensive, efficient way by quantitatively ascertaining and closely analyzing the consumption of energy and resources in its business activities (input) as well as its product production, emissions into the environment, waste production, and other data (output).

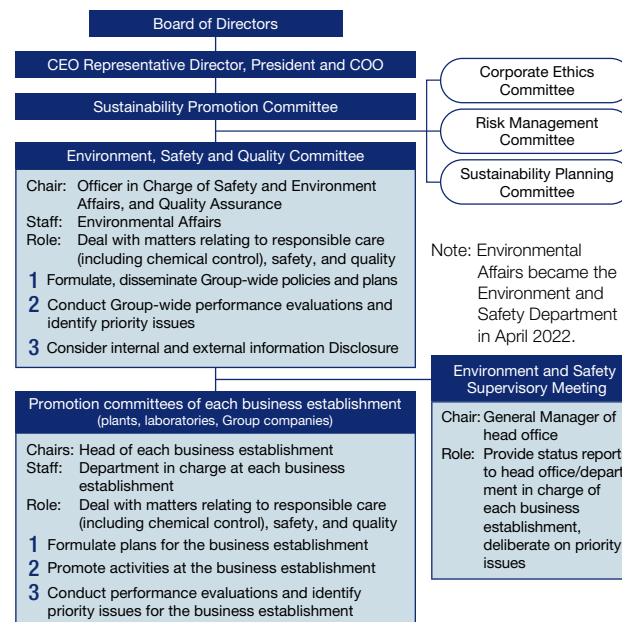
Material Balance



Approach to the Environment

JSR Group sets environmental targets under its basic policy of responsible care, which ensures that environmental activities are integrated into corporate management. The Environmental Supervisory Department formulates initial targets, which are reviewed and approved by the Environment, Safety and Quality Committee chaired by the officer in charge of Safety and Environment Affairs and Quality Assurance, and reported to the Sustainability Promotion Committee. The environmental affairs department of each business site plays a central role in meeting established targets through responsible care activities in compliance with ISO 14001

Environmental Management System Promotion Framework



environmental management system standards. JSR is also taking proactive responsible care measures such as the introduction of state-of-the-art equipment and technological development.

Various Initiatives

JSR Group is engaged in the following initiatives.

Climate Change Mitigation

We regard climate change as one of our most pressing issues, and are vigorously engaged in activities to reduce GHG¹ emissions. To this end, we endorsed the TCFD² Recommendations in October 2020 and in March 2021 announced our commitment to actively pursue net zero GHG emissions by 2050. In April 2022, we split off and transferred our Elastomers Business companies. We are determined to ramp up our initiatives under this new business organization, take action based on a better understanding of opportunities and risks associated with our business activities, and proactively disclose information about our initiatives.

Conserve Water

Aside from drinking water, water resources are used as a raw material and coolant in manufacturing processes. In addition to striving to recycle water resources in our processes, after use, we appropriately purify water before discharging it into rivers.

Waste Reduction

We are working to reduce our environmental impact, focusing on the 3Rs of waste management (reduce, reuse, recycle). We are also promoting a circular economy that efficiently uses resources throughout the product life cycle, from procurement of raw materials to manufacturing, and contributing value to customers and to related SDGs initiatives through our business activities.

Chemical Management


Globally, regulations on chemical substances are growing more stringent. From the perspective of ensuring product safety, we develop products in line with trends in chemical risk evaluations in each country from the design stage onward.

In addition, we are steadily responding to legislation requiring existing substances to be registered along with safety data, in collaboration with local subsidiaries, according to the nature of the business.

¹ GHG: greenhouse gas

² TCFD: The Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB). In June 2017, the TCFD presented recommendations for the disclosure in financial reports of the effects that climate change risk has on financial institutions, companies, and governments.

Reporting as Based on TCFD Recommendations

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

Philosophy

JSR Group sees the problem of climate change currently facing society as one of the most important issues for the company, and we are therefore actively working to reduce greenhouse gas emissions both internally and externally. As a manufacturer of chemical materials, our production and distribution processes affect climate change in various ways, but our materials and products also have the potential to help mitigate climate change indirectly. In that sense, climate change is a matter of deep concern for JSR Group.

It is in this context that we, as a corporate group, expressed our support for the TCFD Recommendations in October 2020. We believe that these recommendations will contribute to the development of a sustainable society transitioning to a low carbon economy. As a chemical company which is earnestly confronting climate change, we seek to deepen our understanding of the relevant opportunities and risks in our Group's business activities, taking action accordingly and striving to proactively and publicly disclose our initiatives. We will continue to strive to reach our target of net zero GHG emissions by FY2050 and will help society as a whole lower its GHG emissions with our products.

The TCFD Recommendations call for disclosure of information pertaining to climate change-related governance, strategy, risk management, and metrics and targets. JSR Group is taking the following action in line with these recommendations.

Governance	Development of a managerial governance structure relating to climate change risks and opportunities
Strategy	Analysis of impacts that climate change-related risks and opportunities will have on business, strategic and financial planning
Risk Management	Development of framework for assessing and managing climate change-related risks and opportunities
Metrics and Targets	Establishment of metrics and targets for managing risks and opportunities and disclosure of progress

Governance

JSR utilizes a supervisory structure, overseen by the Board of Directors, to examine appropriate responses and decide upon what courses of action to take with regard to the potential business risks posed by climate change and other issues. In FY2020, the position of Chief Sustainability Officer (CSO) was established, contributing to more robust supervision of sustainability initiatives including climate change response by the Board of Directors.

Metrics and Targets Relating to GHG Emissions Reductions

FY2030 intermediate target

As of 2030 **30% lower** than FY2020

We are promoting energy conservation measures and the switch to renewable energy globally and aim for FY2030 CO₂ emissions that are 30% lower than in FY2020. We are also challenging ourselves to implement innovative energy technologies and developing eco-friendly products and services to help establish a carbon-free, circular society.



FY2050 targets

As of 2050 **Net zero**

JSR Group will continue actively striving to reduce our GHG emissions to net zero by 2050.


Strategy

In FY2019, in line with the TCFD recommendations, we began a scenario analysis in preparation for evaluating climate change-related risks and opportunities for our business and setting strategy and metrics and targets. We completed our evaluation of climate change importance and our qualitative climate change scenario analysis in FY2020. However, we are revising earlier qualitative analysis results to reflect the fact that in FY2021 we transferred our Elastomers Business, which had the greatest climate change impact of all our businesses. (The major business domains previously evaluated were the Digital Solutions Business, Life Sciences Business, Elastomers Business, and Plastics Business.) In a separate note, our analysis is based on 1.5°C and 4°C scenarios.*

At the same time, we recognize that responding to climate change cannot wait. For that reason, we have established preliminary measures along with metrics and targets for reducing GHG emissions and are working to reach those targets.

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

Health and Safety

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

Philosophy

Our goal is that every person who works for JSR Group, our own employees and those of contractors, can work safely and feel a sense of contentment. At the same time, as a responsible member of the local community, we continue to engage in business activities with a keen awareness of the environment and safety.

Guided by the conviction that safety is the most important value for every person working in the manufacturing industry and is a major premise of our business activities, JSR formulated the Philosophy for Occupational Health and Safety and the Policy for Security Management, targeting zero accidents and disasters.

Philosophy for Occupational Health and Safety

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

Policy for Safety Management

(1) Extremely Safe Behavior

The Philosophy for Occupational Health and Safety has penetrated throughout the organization, the Courses of Action are established as applying to everyone, and safety competency is improving through independent safety activities.

(2) Enhanced Human Resources and Organizational Strength

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

(3) Optimal Risk Management and Security Measures

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

Courses of Action of the Philosophy for Occupational Health and Safety

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

Message from the President



Nobuo Kawahashi

Representative Director,
President, COO

As a business that handles chemicals, ensuring safe and stable plant operations has always been our most important and unwavering consideration. Without this mindset, JSR Group would not have grown as a company and could not survive.

Safety is the bedrock of our business continuity and an investment in the growth of the Group. It is my duty to pursue safety as a key management issue, to ensure that JSR Group offers a sense of security to the local community and grows as an organization where all JSR Group employees and

employees of contractors feel contentment in their work, and to maintain this state into the future.

JSR completed the transfer of our former Elastomers Business in April 2022. Presently, we are working to achieve our business targets and build a resilient infrastructure for our business by FY2024. Safety is the most important element of this vision. As such, our job is to make our organization ready for how business will change going forward and strong enough to endure in a new environment.

As part of the top management team, I lead the development of our safety infrastructure and the fostering of a culture of safety to ensure that JSR continues to be a sustainable Group trusted by society. I will work with all JSR Group employees to improve our security capabilities and develop people who excel in safety.

I wish you safety.

Message from the Officer in Charge of Safety



Junichi Takahashi

General Manager of
Product Safety & Quality
Assurance Dept., Officer

JSR is continually enhancing occupational health and safety and security management as we seek to eliminate accidents and disasters. We are fostering a culture of safety through a variety of activities, including the propagation of basic safety principles, risk assessment activities, safety audits of

business site, and construction safety management.

The April 2022 split off of our former Elastomers Business changed some of our environmental factors, such as company organization and business processes, but our stance on safe and stable plant operations, a core principle of the manufacturing industry, has not changed.

We will work to provide a safe workplace not only for employees of JSR Group but also of contractors and to offer value for all our stakeholders, including local communities, customers, and shareholders.

I wish you safety.

Safety Management System and Targets

JSR Group has established and is executing the JSR Roadmap for Health & Safety and Security Management, a medium-term plan that clearly states our safety goals and which we periodically review. Following this roadmap, we pursue a variety of safety initiatives aiming to eliminate equipment and workplace accidents. We have also developed and are operating a Safety Management System with established regulations and procedures relating to occupational health and safety and accident prevention. It takes account of each company's and each business site's equipment and operations as well as relevant laws and regulations.

To confirm the effectiveness of these activities, an auditing team led by the president conducts annual Headquarters Environment and Safety Audits in plants and laboratories. We also provide opportunities for dialog between top management and employees so managers and front-line workers can share their thoughts with one another. These give new energy to our environment and safety activities. Each year at each business site, moreover, there is an internal audit or the head of the business site conducts a management review. Through these we aim to confirm the effectiveness of our management system and continually improve it.



Audits by top management (From left, Chiba Plant and Kashima Plant. Both audits conducted online)

Activity Record

JSR Group had only half as many equipment accidents in FY2021 as in the previous year, but there were many workplace accidents among employees of contractors, so we continue trying to take construction safety management to the next level.

We are also working to increase knowledge, skills, and sensitivity in respect to security management. For example, we give training designed to enhance the precision of the risk assessments that are so crucial to safety activities. Tools like VR are used to learn by sensory experience. Workers also get practical training with a miniature plant as well as emergency response training for each type of risk.

We host the Safety Activity Forum where exemplary safety activities are presented. Its objectives are to improve employee motivation and raise the quality of safety activities Group-wide.



Sensory experience learning with VR



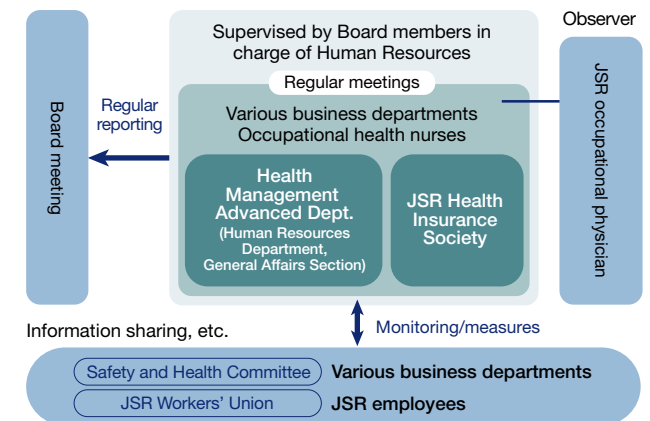
Disaster prevention training using a drone

Physical and Mental Health


JSR Group feels that a healthy mind and body are extremely important for employees and their families to live happy lives. We also feel that they are imperative in the creation of a productive and vibrant workplace. We actively adopt various measures to help our employees work in good health, both mentally and physically and some of our sites have established a Health Declaration spelling out this policy.

In our JSR Health Promotion initiative, moreover, we establish the necessary internal rules and share information so we can promote employee work style reform and health in tandem with each other. Top management spreads the word on the importance of health, hosts periodic Health Promotion Meetings led by occupational health nurses, and monitors the implementation and status of measures that reach across different business sites and organizations.

JSR Health Promotion Framework



Respect for Human Rights

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

Philosophy

JSR Group recognizes the importance of such international norms as the Universal Declaration of Human Rights, the UN Global Compact, and the UN Guiding Principles on Business and Human Rights. We agree with the thinking they represent and will respect human rights accordingly. We also understand that we must fulfill our responsibility to respect human rights in all of our business activities.

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

We promote respect for human rights as an activity guideline of the Corporate Ethics Committee. The Corporate Ethics Committee is charged with formulating and executing plans to promote human rights and verifying their progress.

As the provisions of the UN Guiding Principles on Business and Human Rights clearly state, companies have a social responsibility to take the lead in respecting human rights. Fulfilling this responsibility requires establishing guidelines that can provide the foundation for promoting respect for human rights and making sure they are shared and understood throughout the entire Group. JSR is a participant in Global Compact Network Japan's Human Rights Due Diligence Subcommittee. Applying the knowledge gained from this activity, in September 2021, we established the "JSR Group's Human Rights Policy" following a review by concerned divisions and Group companies in Japan and overseas. The review

took into account the aims of the Government of Japan's "National Action Plan on Business and Human Rights," established in October 2020. We have been sharing this new policy with the outside world, while ensuring that the policy becomes embedded into the consciousness of each Group employee by publicizing it on the company intranet and running a special article in the company newsletter. Going forward, JSR Group will also study the introduction of a framework for human rights due diligence and effective initiatives in covering the supply chain.

Respect for Human Rights in the Supply Chain

JSR Group believes it is important to promote initiatives for respect for human rights not just within the Group but throughout the supply chain. To put this into practice in 2017, we revised the questions on our supplier questionnaire and incorporated items relating to respect for human rights in the JSR Group CSR/Sustainable Procurement Policy established in 2018. Additionally, the JSR Group's Human Rights Policy clearly states that we will continue to encourage our business partners in the supply chain to support this policy and adopt a similar policy.

JSR Group believes that our stance, as laid out in the two policies above, represents what the international community expects of enterprises. To ensure that our business partners share our thinking, in FY2021 we began distributing copies of the policies to the Group's major suppliers and asking them to return their written endorsement of the policies' aims. (Please refer also to "Supply Chain Management" on page 40.)

We will continue taking the steps necessary to

strengthen collaboration with partners in the supply chain and enhance our respect for human rights.

Participation in Global Initiatives

JSR Group is a signatory and supporter of the United Nations Global Compact. We also actively participate in subcommittee activities led by Global Compact Network Japan. Knowledge we have gained by participating in GCNJ's Human Rights Due Diligence Subcommittee, taking workshops, and doing group work activities has borne fruit in, JSR Group's Human Rights Policy. As we believe it necessary to promote understanding of this policy and its diffusion throughout the Group, in FY2021 we decided to join GCNJ's Human Rights Education Subcommittee. We will utilize the knowledge we gain from the subcommittee's activities to consider the forms of education and training that are most appropriate.


Participation in Global Initiatives

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



Supply Chain Management

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

Philosophy

We believe that an important role of JSR Group is to offer innovative materials and excellent products that meet customer needs and contribute to the making of a better society. Towards that purpose, through supply chain management, we will respond to social issues together with our business partners.

Sustainable procurement

As a business that handles chemicals, JSR Group is in a unique position to support society by delivering materials to various industries through its supply chain management. We consistently deliver products of proven quality to customers. The recent globalization of supply chains has seen the emergence of numerous issues in the supply chain, such as forced labor, child labor, environmental destruction, and corruption. In December 2018, we responded by formulating the JSR Group CSR/Sustainable Procurement Policy. The main parts are as follows.

- **Fair Corporate Activity**

In the processes of producing products and services, companies must engage in business activities that are based on fair, transparent, and free competition.

- **Human Rights and Labor**

Companies must act in accordance with the laws of each country and international standards, respect basic human rights, and pay attention to ensure that their business activities do not violate human rights, either directly or indirectly.

- **Environmental Conservation**

Companies have a responsibility to comply with the laws and standards of each country concerning environmental conservation, to specify and manage factors that impact on the environment by building a management system, and to work toward preserving the environment in their processes of producing products and services.

- **Health and Safety**

Companies must comply with the laws and standards of each country concerning occupational health and safety and establish management systems and mechanisms to prevent workplace accidents, promote the health and safety of employees, and create comfortable workplace environments.

- **Information Security**

Companies must properly manage and protect the information they obtain through business activities, take protective measures against threats to their computer networks, and manage the confidential information of customers and third parties in a manner that prevents leaks.

Sustainable business operations require ongoing supply chain management. In FY2021 we began distributing copies of JSR Group's procurement and human rights policies to suppliers and asking them to return their written endorsement of the policies' aims. This helps ensure that our business partners share our thinking and our commitment to meeting society's demands. We are also starting to hold a series of briefings and to take concrete actions to ensure that the entire Group, including companies both in Japan and overseas, are making similar efforts.

Assessment of business partners

We assess candidates for new business partners based on certain criteria concerning the status of their financial affairs and level of quality management. We conduct an onsite audit prior to the start of business as well, to verify items concerning safety, the environment, and quality. Using the same standards as we use for ourselves, we also regularly check business partners with whom we have an ongoing business relationship to see if they are in compliance with our criteria. In particular, with regard to vital raw materials that are difficult to procure in an

emergency because of low availability or extreme scarcity, we strive to secure supply stability for customers by conducting regular supplier audits and onsite confirmation of items pertaining to supply continuity and providing proposals and guidance for quality reliability.

Initiatives concerning conflict minerals

In keeping with our policy to never permit the use of conflict minerals, directly or indirectly, in FY2015, we conducted an investigation concerning the use of conflict minerals and confirmed that none of the targeted suppliers used them. There is, however, growing concern about potential human rights violations such as the use of child labor when minerals are extracted. To fully confirm whether such problems exist, in FY2021 we decided to investigate using the CMRT and EMRT, world-standard templates provided by the RMI. We have since begun taking concrete action on these concerns.

Education and training of employees in charge of procurement

We educate and train purchasing department personnel on our sustainable procurement and conflict minerals initiatives to ensure that our practice of supply chain management is sound. We also support and encourage procurement staff to acquire Japan Management Association-accredited Certified Procurement Professional certification (CPP; certifying that a person has acquired specialized knowledge in the purchasing and procurement field) to further deepen their knowledge of procurement.

Corporate Governance

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

Philosophy

JSR Group’s goal is to make steady progress in realizing its corporate mission (Materials Innovation: We create value through materials to enrich society, people and the environment). This shall be done through efficient and transparent business management, by sustaining sound and healthy business practices. The Group will also continuously strive to create new corporate value with the hope of becoming an attractive corporation that can earn the trust of and satisfy the interests of all our stakeholders. As a company with Audit & Supervisory Board members, JSR principally monitors and oversees the execution of duties by directors and the management through its Board of Directors and Audit & Supervisory Board. The Company continuously has strengthened the function of management supervision, improved efficiency in decision making and business duties execution, and enhanced the transparency and soundness of its business management to raise corporate value over the medium to long term. To that end, it has implemented measures, such as introduction of an officer system, appointment of outside directors and Audit & Supervisory Board members who are independent from the Company and have extensive business experience and expertise, establishment of the Remuneration Advisory Committee and the Nomination Advisory Committee each of which majority members are independent outside directors and the chair of which is an independent outside director respectively, and the introduction of three types of performance-based remuneration for directors other than outside directors covering the short, medium and long term.

Shift toward Strengthening of Corporate Governance

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

Governance Highlights

Performance-Linked Director Remuneration

Remuneration for directors consists of a fixed basic remuneration, an annual bonus, performance-linked remuneration to be granted after the applicable period aimed at steadily implementing the Medium-Term Management Plan ending in FY2024 and business structure reform, and restricted shares. This composition is designed to facilitate improvement of corporate value as well as sharing of corporate value between directors and shareholders. For details, see page 46.

Diversity of the Board of Directors

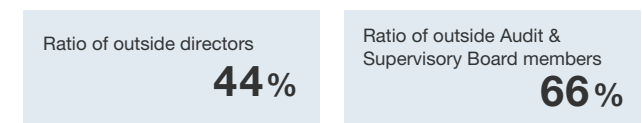
In response to rapid changes in the business environment, such as globalization, utilization of IT and digitalization, JSR appointed its first foreign national Chief Executive Officer (CEO) in FY2019, and appointed a foreign outside director with extensive experience as a partner of an investment firm in FY2021. In addition, since FY2020, appointment of internal directors has included female candidates as we strive to further increase the diversity of the Board of Directors. The appointment of directors is based on the criteria of ensuring a balance of the candidates’ necessary knowledge, experience, and skills, board diversity, and size (board capacity). Candidates are chosen for their mental and physical health, outstanding personality, and leadership, as well as expertise and sense of ethics.



Governance Framework Drawing on Outside Strengths

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

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



Main Agenda Items of the Board of Directors

Business Related

- Split of the elastomer business and transfer of shares of the successor company
- Acquisition of Inpria Corporation
- Progress report of each business and medium- to long-term strategy review
- Confirmation of policy on cross-shareholdings based on Corporate Governance Code and divestment
- Report on sustainability management
- Cybersecurity report

Governance Structure

Board of Directors

The Board of Director discusses and makes decisions on important business matters, including the direction of the Company’s business strategy, and also supervises directors’ and officers’ execution of their business duties. In addition, all three Audit & Supervisory Board members including two independent outside Audit & Supervisory Board members regularly attend the Board of Directors meetings to state their opinions.

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

Executive Committee

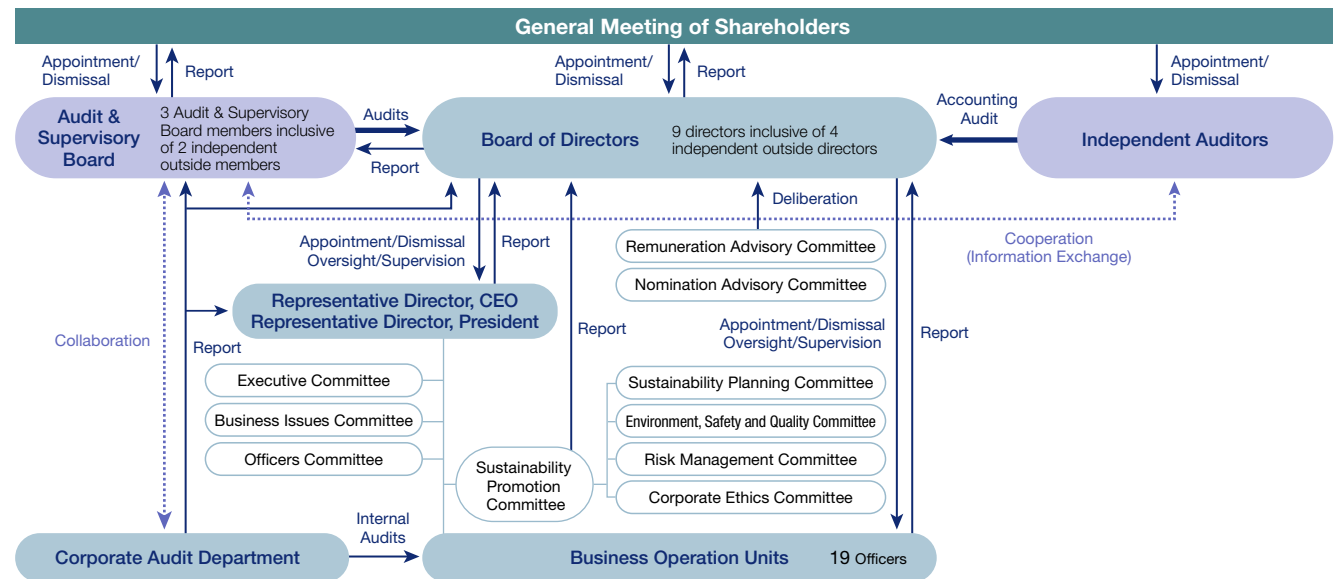
This Executive Committee is comprised of the CEO, the

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

Business Issues Committee

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

Corporate Governance Structure Diagram (As of June 17, 2022)



Officers Committee

This Officers Committee consists of the CEO, the President and all officers and aims to ensure members' thorough understanding of business conditions and important business matters. The standing Audit & Supervisory Board member is also present at committee meetings.

Audit & Supervisory Board and Audit & Supervisory Board Members

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

Outline of Internal Audit, Audit by Audit & Supervisory Board Members, and Independent Auditors

(1) Audit by Audit & Supervisory Board Members

The details of audit by Audit & Supervisory Board members are stated as in the above Audit & Supervisory Board and Audit & Supervisory Board members.

(2) Internal Audit

JSR has established the Corporate Audit Department to improve the effectiveness of JSR Group's internal control system. In accordance with the internal audit plan, the Corporate Audit Department regularly conducts internal audits such as compliance audits and business operation audits at its divisions and departments as well as its Group companies both in

Japan and overseas and reports the audit results to the CEO, the President, related departments, and Audit & Supervisory Board members.

(3) Independent Auditors

The Audit & Supervisory Board members work closely with the independent auditors. The Audit & Supervisory Board members interview the independent auditors about the audit plan and receive reports on the audit results. Furthermore, the Audit & Supervisory Board members and independent auditors exchange information and opinions as necessary in the course of each fiscal year.

Sustainability Promotion Committee

In order to establish good relationships with various stakeholders and to become a company that is trustworthy and indispensable, JSR Group has established the Sustainability Promotion Committee with the purpose of shifting its focus from CSR (Corporate Social Responsibility) activities to Sustainability activities that contribute to all stakeholders by creating value through corporate activities. The Company has set up the following four committees under the Sustainability Promotion Committee: the Sustainability Planning Committee, the Environment, Safety and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee.

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

The Board of Directors of the Company has been

conducting an evaluation in order to maximize corporate value of the Company by enhancing its effectiveness. The FY2021 effectiveness evaluation findings reached the conclusion that the JSR Board of Directors is functioning effectively. Effectiveness evaluations will continue to be performed moving forward.

Summary and Results of Board of Directors Effectiveness Evaluation for FY2021

Evaluation Process

The Board of Directors conducted a questionnaire targeting the nine directors (including four independent outside directors) as well as three Audit & Supervisory Board members (including two independent outside auditors). The Board of Directors has evaluated and analyzed the results of the evaluation by setting up discussion sessions at the Board of Directors meetings several times to discuss the results of the questionnaire as well as the comments expressed in the self-evaluation. To improve objectivity in the FY2021 evaluation process, the Board of Directors hired a third party with expertise in the field of analyzing and evaluating the results of the questionnaire.

Conclusions

The Board of Directors has drawn the conclusion that The Board of Directors of the Company is functioning effectively based on the following reasons.

Reasons for Evaluation

- 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 medium- 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. In addition, the Company has properly executed decision-making and progress monitoring on the structural reforms of the Elastomers Business that was raised as an important management issue in last year's evaluation, as well as conducted investments for the growth of the Semiconductor Materials Business and Life Sciences Business.
- 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 highly transparent, free and lively discussions that will take place during the board meetings.
- The Nomination Advisory Committee and the Remuneration Advisory Committee have an 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. Appropriate measures were taken to address continuous review and revision of the remuneration system from a global standpoint, which was recognized as an issue in last year's evaluation.

- 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 holding discussions on the status of their activities every quarter and talking directly with shareholders and investors.

The Board of Directors will conduct ongoing discussions and monitor the progress of the following key management issues reconfirmed in the process of evaluating the effectiveness of the Board of Directors, as well as changes in the external environment (environmental issues, geopolitical risks, etc.) that could impact these issues. In addition, the Board of Directors will make ongoing efforts to address the challenges of board effectiveness identified in this year's evaluation.

Significant Management Challenges

- (1) Establishing a sustainable and resilient organization and business structure adaptable to a drastically changing business environment;
- (2) Implementing growth strategies for the Semiconductor Materials Business;

- (3) Strengthening the foundation and achieving steady growth for the Life Sciences Business;
- (4) Addressing challenges to achieving sustainable business growth, such as carbon neutrality and maximizing employee engagement; and
- (5) Conducting ongoing investment in innovation including digital transformation

Issues Noted

- While the Board of Directors of the Company is currently functioning effectively, it is necessary to further strengthen the monitoring function of the Board going forward. As we progress towards a monitoring model, we need to review the specific approach to monitoring, as well as the size and composition, and qualifications and diversity of the Board of Directors. In addition, we should also strive for a Board of Directors that is capable of promoting changes in the Company over the long term.
- While discussions on sustainability management at the Board of Directors meetings have progressed more than before, it is essential to consider measures for even more active discussions.
- Although the rating for the overall support structure for outside directors and outside Audit & Supervisory Board members is high, it is necessary to enhance the support structure through training and education, including site visits that were difficult to implement during the COVID-19 pandemic and online learning in order to further improve understanding of the business among outside directors and Audit & Supervisory Board members.

Executive Compensation

In order to maintain the competitive advantages of JSR Group as a global company, the Company has established principles on remuneration for directors and Audit & Supervisory Board members which enable the Company to develop and recruit internationally competitive and diverse human resources capable of managing the businesses, and to provide short-, medium- and long-term incentives for its directors that are aligned with the benefit of its shareholders, and to encourage and motivate its management, while maintaining the transparency and accountability, to accomplish the management strategies and business strategies of the Company. The remuneration framework should:

- (1) attract, secure, and reward diverse and excellent personnel regardless of nationality for the purpose of further enhancing and improving its competitive advantages and global management;
- (2) encourage the management to demonstrate healthy entrepreneurial spirit by motivating them to achieve the objectives of business strategies aiming at continuous growth; and
- (3) promote medium- to long-term improvement in corporate value by sharing the benefit between management and shareholders via the reinforcement of stock ownership during his/her term of office as director.

Remuneration Governance

Procedures for Determining Remuneration

In relation to remuneration for the directors, the Board of Directors deliberates and determines the policies of remuneration for directors, remuneration framework, and amount of remuneration for individual directors. In

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

Items for Deliberation and Reports by the Remuneration Advisory Committee

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

Remuneration Framework

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

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

Composition of the Remuneration Advisory Committee and Attributes of Chairperson

The Remuneration Advisory Committee consists of at least 3 committee members, and more than half of the members shall be independent outside directors, of which a chairperson shall be elected from independent outside directors by resolution of the Board of Directors in order to ensure independence, objectivity, and accountability as well as effectiveness of the Remuneration Advisory Committee. In addition, Willis Towers Watson (WTW) as a third party remuneration consultant, and staff members for the Committee also attend the Remuneration Advisory Committee meetings as observers.

Remuneration Framework of the Company Remuneration Structure

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

Appropriateness of the Remuneration Level of the Company

When considering the above-mentioned remuneration structure and composition thereof, the Remuneration Advisory Committee verifies the appropriateness of the level of remuneration through an annual benchmarking study by using the remuneration database possessed by a third party consultant specialized in remuneration for executives and by comparing with the companies whose size, type, and line of business are similar to those of the Company. In addition, when determining the composition of performance-linked remuneration and other remuneration for the director who is responsible for overseeing and managing the Company's international businesses, etc., the Remuneration Advisory Committee verifies the appropriateness of the remuneration level for such director through another annual benchmarking

study using a method similar to the one described above and using the survey data on remuneration prevailing in the region where such director is responsible for as well as considering each director's job responsibilities and the magnitude of impact on management of the JSR Group.

Remuneration Composition for Directors (Excluding Outside Directors)

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

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

		Basic Remuneration	Performance-Linked Remuneration			Basic Remuneration: Performance-Linked Remuneration
			Annual Bonus	Performance-Linked Remuneration (per fiscal year)	Restricted Stock Shares	
Directors (Excluding Outside Directors)	CEO	100	100	200	200	100:500
	President	100	30	Around 38	Around 38	100:105
	Executive Managing Officer Managing Officer Senior Officer (concurrent post)	100	25	Around 23	Around 23	100:70

* An Executive Managing officer who also concurrently serves the position of a subordinate director is compensated with a concurrent director allowance that is separate from the table.

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

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

The Nomination Advisory Committee was established in

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

In FY2021, the CEO and President submit annual management activity reports to the Committee, which deliberates on the nomination and removal/dismissal of top management and makes recommendations to the Board of Directors.

Nomination Advisory Committee

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

Skills Matrix of Directors and Audit & Supervisory Board Members

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

with directorship status (including senior officers), and Audit & Supervisory Board members, and reports its findings to the Board of Directors.

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

Dismissal of Directors

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

Criteria for Appointing Candidates for Directors

When nominating candidates for directors, JSR makes it

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

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

Criteria for Appointing Candidates for Audit & Supervisory Board Member

From the perspective of ensuring the transparency and soundness of business management through auditing the process of directors' decision making and execution of duties in accordance with laws and regulations, such as the Companies Act, the articles of incorporation and internal rules, JSR appoints persons with vast experience and extensive and sophisticated expertise necessary for audit (including one person with sufficient knowledge of finance and accounting) among those who are mentally and physically sound and have an exceptional personality and popularity, and high principles and ethical view. Regarding candidates for outside Audit & Supervisory Board members, in particular, JSR nominates persons who have

independence and extensive experience and knowledge of laws and accounting.

Policy for Training Directors and Audit & Supervisory Board Members

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

Succession Plan

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

Main Activities of Outside Officers in FY2021

Name	Position	Main Activities
Yuzuru Matsuda	Director	Yuzuru Matsuda attended all 18 Board of Directors meetings held in FY2021. Utilizing his extensive experience in management of a multinational company engaged in the fields of ethical pharmaceuticals and biochemicals along with his outside perspectives independent of the Company, he shared his views as necessary during deliberations of agenda items and contributed to the continuous improvement of corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. Matsuda chairs the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Matsuda assisted in the review of the succession plan for the Group's management structure as chairperson of the Nomination Advisory Committee from an objective and long-term perspective.
Shiro Sugata	Director	Shiro Sugata attended all 18 Board of Directors meetings held in FY2021. Utilizing his extensive experience in entrepreneurship and in management of a multinational company engaged in the fields of optical products and industrial machinery coupled with his outside perspectives independent of the Company, he shared his views as necessary during deliberations of agenda items and contributed to the continuous improvement of corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. Sugata serves on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Sugata assisted in the review of the succession plan for the Group's management structure as member of the Nomination Advisory Committee from an objective and long-term perspective.
Tadayuki Seki	Director	Tadayuki Seki attended all 18 Board of Directors meetings held in FY2021. Utilizing his extensive experience in finance and accounting as CFO and in management positions at a multinational trading company coupled with his outside perspectives independent of the Company, he shared his views as necessary during deliberations of agenda items and contributed to the continuous improvement of corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. Seki serves on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Seki assisted in the review of the succession plan for the Group's management structure as member of the Nomination Advisory Committee from an objective and long-term perspective.
David Robert Hale	Director	David Robert Hale attended 13 of 13 Board of Directors meetings held after his appointment. He utilized his extensive experience in global business administration as well as business transformation and expansion as a partner at an investment firm engaged in long-term investments and as director of investee companies, coupled with his international and outside perspectives, in important decision making by the Board of Directors, supervision of execution of duties, and strengthening of corporate governance. As a result, he contributed to the continuous improvement of corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. Hale serves on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Hale assisted in the review of the succession plan for the Group's management structure as member of the Nomination Advisory Committee from an objective and long-term perspective.
Hisako Kato	Audit & Supervisory Board Member	Hisako Kato attended all 18 Board of Directors meetings and all 18 Audit & Supervisory Board meetings held in FY2021. She utilized her wide ranging specialist knowledge and extensive experience in finance and accounting as Certified Public Accountant and licensed tax accountant coupled with her outside perspectives independent of the Company in audits, and she shared her views as necessary during deliberations of agenda items at Board of Directors meetings and contributed to ensuring the rationality of management's decision making and the transparency and soundness of management.
Junko Kai	Audit & Supervisory Board Member	Junko Kai attended 13 of 13 Board of Directors meetings and 13 of 13 Audit & Supervisory Board meetings held after her appointment. She utilized her wide ranging specialist knowledge and extensive experience in law as an attorney-at-law coupled with her outside perspectives independent of the Company in audits, and she shared her views as necessary during deliberations of agenda items at Board of Directors meetings and contributed to ensuring the rationality of management's decision making and the transparency and soundness of management.

Outside Director's Messages



Tadayuki Seki
Outside Director

In April 2022, JSR completed our most wide-ranging business structure reform since our founding. Since then, we have continued to transform our business portfolio, bolstering the foundation of our Semiconductor Materials Business and Life Sciences Business and investing for the next generation.

As we do so, the deliberations of the Board of Directors focus on one key question: how to increase our corporate

value in future. Of particular concern these days is the need for enterprises to enhance value in both economic and social terms. JSR too has named resilience and sustainability as important strategies. Therefore, we are stepping up efforts in non-financial aspects like ESG, human resources, R&D, and DX. Each of these efforts is an important way to increase latent value.

Going forward, my intention is to monitor management of both the financial and non-financial sides and support efforts to ensure strong governance. My guiding principle as an Outside Director will be not to stand in the way of JSR's unique dynamic actions but rather to encourage them.



David Robert Hale
Outside Director

JSR's Board of Directors is focused on long-term value creation for stakeholders through transformation and growth. The executive directors and outside directors are aligned on the strategy for JSR to grow corporate value by focusing resources on the Digital Solutions and Life Sciences businesses. Within that strategy, the Outside Directors primarily focus on the deliberating the key topics, while monitoring and supporting management.

In the last fiscal year for example, one of the topics for the board of directors included the acquisition of Inpria. The acquisition of Inpria is expected to secure JSR Corporation's

long-term technical leadership and market share in photoresist chemicals for semiconductors, and is expected to drive value creation for shareholders and society. Therefore, the Board determined to approve Inpria.

JSR is a global company, with many important customers, employees, and critical operations outside of Japan. As an Outside Director who is American, I try to contribute a global perspective to the JSR Board. Collectively, JSR's Board members can bring experience with governance practices and strategic initiatives from Japan and overseas. We apply these perspectives through JSR's corporate governance framework, operating with a board culture that emphasizes respectful but candid discussions focused on the key strategic issues. In this way, we hope to meet the high expectations of all stakeholders for JSR's future transformation and growth.

Policy on Constructive Dialogue with Shareholders

To promote constructive dialogue with shareholders and investors, officers responsible for the Finance Department and the Corporate Communications Department take charge of IR activities, and work together to facilitate dialogue. JSR holds an analyst meeting every quarter and a mid-term business plan briefing once every fiscal year. In such meetings, the CEO, the President or an officer in charge of IR, explain business performance, financial position, details and progress of the mid-term business plan to analysts. Every year, the CEO, the President or an officer in charge of IR holds interviews with major institutional investors in Japan and overseas to explain the details and progress of the mid-term business plan. JSR has been endeavoring to provide investors with Company information on its website, such as financial statements, information on mid-term business plans and progress thereof, and details of business performance of main businesses, as well as information on sustainability activities including efforts to conserve the environment and responsible care, and on R&D activities. Opinions and questions that JSR receives from investors through the above-mentioned discussions are fed back to management as IR activity reports. In discussions with shareholders, JSR has appropriately treated insider information (setting moratoriums from the start of a new fiscal year to the day of announcing business results, establishing regulations for preventing insider trading, and conducting employee education seminars).

Officers (As of July 31, 2022)

Directors and Audit & Supervisory Board Members

Nomination Nomination Advisory Committee

Remuneration Remuneration Advisory Committee



Eric Johnson

Representative Director, CEO

North America Business
President of JSR North America Holdings, Inc.

Nomination **Remuneration**



Nobuo Kawahashi

Representative Director, President and COO

Nomination **Remuneration**



Seiji Takahashi

Director, Managing Officer

Managing Officer, Manufacturing and Technology, Procurement and Logistics



Ichiko Tachibana

Director, Senior Officer

Sustainability Promotion, Diversity Promotion, General Manager of Sustainability Promotion Dept.



Kenichi Emoto

Director, Officer

Accounting, Finance, Corporate Communications
General Manager of Accounting Dept.
General Manager of Finance Dept.



Tadayuki Seki

Outside Director

Nomination **Remuneration**



David Robert Hale

Outside Director

Nomination **Remuneration**



Masato Iwasaki

Outside Director

Nomination **Remuneration**



Kazuo Ushida

Outside Director

Nomination **Remuneration**



Tomoaki Iwabuchi

Standing Audit & Supervisory Board Member



Junko Kai

Outside Audit & Supervisory Board Member



Takaaki Tokuhiro

Outside Audit & Supervisory Board Member

Officers (excluding those concurrently serving as directors)

Managing Officer

Tadahiro Suhara

Digital Solutions Business (Supervising), Electronic Materials Business, Edge Computing Business, General Manager of Electronic Materials Div., Chairman of JSR Electronic Materials Taiwan Co., Ltd.

Makoto Doi

Legal Affairs, Compliance, General Manager of Compliance Dept.

Senior Officer

Kazumasa Yamawaki

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

Yoshikazu Yamaguchi

In charge of special assignment from the President, President of Emulsion Technology Co., Ltd.

Koichi Hara

Corporate Planning (including supervising group companies), Structural Reforms, General Manager of Structural Reforms Dept.

Mikio Yamachika

Yokkaichi Plant, Manufacturing and Technology (deputy),

Procurement and Logistics (deputy), Yokkaichi Plant Manager, General Manager of Digital Solutions Business DX Planning and Acceleration Dept.

Tim Lowery

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

Keisuke Wakiyama

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

Officer

Yasufumi Fujii

Human Resources Development, General Affairs, Secretarial Office

Junichi Takahashi

Quality Assurance, Safety and Environment Affairs
General Manager of Product Safety & Quality Assurance Dept.

Toru Kimura

Supervising Digital Solutions Business (deputy), in charge of special assignments in Advanced Lithography Material Business in Electronic Materials Division, General Manager of Advanced Lithography Material Business Promotion Dept. in Electronic Materials Division

Yutaka Yoshimoto

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

Hiroaki Tokuhisa

Research & Development (CTO) General Manager of RD Technology · Digital Transformation Center

Khashayar (Hash) Pakbaz

Digital Transformation (CDO)
General Manager of Global DX Acceleration Dept.

Motoyuki Shima

Research & Development (deputy) (deputy CTO)
General Manager of Yokkaichi Research Center, General Manager of Fine Electronic Materials Research Laboratories

Kentaro Yamamoto

IT Strategy, Cyber Security Management, Business Process Renovation, General Manager of IT Strategy Dept.

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

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.

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



Communication with Stakeholders

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

Evaluation by Outside Organization

JSR Group is highly regarded for its non-financial initiatives, as reflected by its inclusion in international socially responsible investment indexes.

List of Main Evaluations (As of July 1, 2022)

<p>FTSE Blossom Japan Index</p>	<p>We were selected as an investment brand of the FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index for being a Japanese company with excellent consideration for ESG.</p>	 FTSE Blossom Japan  FTSE Blossom Japan Sector Relative Index
<p>FTSE4Good</p>	<p>Since 2004 we have been selected by FTSE Russell as a constituent of the FTSE4Good Index Series.</p>	 FTSE4Good
<p>MSCI Japan ESG Select Leaders Index and MSCI ESG Leaders Indexes</p>	<p>We were selected for inclusion in the MSCI Japan ESG Select Leaders Index and MSCI ESG Leaders Indexes as a company with excellent response to ESG.</p>	 2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX  2022 MSCI ESG Leaders Indexes Constituent
<p>MSCI Japan Empowering Women Index (WIN)</p>	<p>We were selected by MSCI as an investment brand of the "MSCI Japan Empowering Women Index (WIN)" for being a company with excellent gender diversity.</p>	 2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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

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

Examples of Communication with Stakeholders

Stakeholder	JSR Group's Responsibility	Main Methods / Opportunities for Dialogue
<p>Customers / Business Partners</p>	<ul style="list-style-type: none"> • Never cease to challenge changes and evolve, to support the diverse material needs of the ever-changing times. • Aim for sustainable improvement of customer satisfaction. • Approach all business partners with sincerity, and always continue maintaining fair and equitable business relations. • Continue considering the environment and society in supply chains. 	<p>Customers</p> <ul style="list-style-type: none"> • Received Excellent Partner Award from Sony Semiconductor Solutions Group • Received Excellent Performance Award from TSMC • Providing information through SDS (safety data sheet), website, etc. • Quality Assurance Support • Implementation of customer satisfaction surveys • Support of CSR surveys from customers <p>Business Partners</p> <ul style="list-style-type: none"> • Communication through purchasing activities such as Partner Awards • Support of CSR surveys from business partners • Distribution of JSR Group Human Rights Policy and CSR Procurement Policy • Established supplier hotline
<p>Employees</p>	<ul style="list-style-type: none"> • Evaluate each employee based on fair standards. • Provide opportunities for employees to constantly challenge themselves. • Continue providing opportunities for employees to mutually recognize each others' personalities and diversity, and to flourish together. 	<ul style="list-style-type: none"> • Labor-Management council and workplace meetings • Commendation system • Employee awareness survey and global employee engagement survey • Various training programs (stratified education, technical training, etc.) • Corporate climate reform activities (interactive education, OJT promotion activities, communication improvement activities, etc.) • Activities to promote sustainability and Responsible Care
<p>Local / Society</p>	<ul style="list-style-type: none"> • As a responsible member of local society, continue carrying out business activities that take the environment and safety into consideration (responsible care). • Continue providing environment-conscious products that support the needs for global environmental conservation, including reduction of local environmental burdens. • Make efforts to reduce environmental burdens that are generated from the product lifecycle as a whole, and continue making considerations to the environment and safety. • Continue actively contributing to the preservation of biodiversity through business activities. 	<ul style="list-style-type: none"> • Participation in local responsible care dialogues (at plants) • Local cleanup activities (plants, research labs) • Participation in environmental conservation activities, such as beach clean-ups and forest preservation • Participation in visiting lectures at schools and in projects to develop skilled workers • Participation in social welfare activities (blood donation, fundraising activities, etc.) • Contribution towards disaster areas, support for employee volunteer activities
<p>Shareholders / Investors</p>	<ul style="list-style-type: none"> • Create business opportunities through materials and aim to expand corporate value. • Constantly improve management efficiency. • Become a company that is trusted by shareholders, through highly-transparent and robust corporate management. 	<ul style="list-style-type: none"> • General Meeting of Shareholders • Management Policy Briefing, financial results briefing, individual meetings with investors and analysts • Publication of JSR Report (Integrated Report) • Publication of corporate governance report • Provision of information through websites (IR section and sustainability section of corporate website)