

Human Capital

Message from the Officer in Charge of Human Resources Development



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Aims of JSR Human Capital Management

1. Strengthen linkage between management strategy and human resource strategy

Build a dynamic human resources portfolio and implement continuous human resource development (investment) & acquisition

Secure and foster human assets ready to nimbly adapt to organizational changes resulting from business creation, growth and environmental changes to continuously create corporate value

2. Enhance employee engagement and organizational strength

Maximize experience and experiential value of members within JSR

Maintain high level of engagement through provision of growth opportunities, fair evaluation and feedback, and achieve member-driven, autonomous growth support and enhanced organizational strengths

We will foster vibrant, diverse human resources and organizations to achieve long-term business growth

Our human resources strategy states, “maximize value (provision) to customers and markets, linking efforts for the enhancement of corporate activity efficiency and business competitiveness and the creation of innovation, by maintaining a global perspective and strengthening dynamic and diverse human resources and organizational capabilities according to the characteristics of countries, regions, and businesses.” Currently, we are planning and implementing various initiatives to realize the vision for FY2024 set out in our medium-term management policy of “creating value for all stakeholders, aiming for sustainable growth” and “building a resilient organization that can embrace any changes in the operating environment.”

Among several initiatives, we will first introduce our efforts toward “career autonomy.” This is an initiative to support each employee by implementing training, self-reporting and skills development, and by introducing various systems so that each employee can proactively develop a career vision for work and life and take action to realize it. We believe that by contributing to the company and society while employees increase their personal value and gain a sense of self-realization, both individuals and the company will be able to create sustainable value.

In our efforts to cultivate diverse human resources, we



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

are training next-generation management human resources as well as human resources in technology. Since 2007, we have been conducting training future leaders with external collaboration in cultivating next generation management human resources. The training involves action-learning based on actual case studies and exercises to envision an ideal image for one’s division by stepping into the shoes of a supervisor to foster necessary business skills and broad perspectives as the next round of leaders.

As for the training of human resources in technology, we have been implementing a training program by an American company that supports DX promotion since 2017 and fostering data scientists with an emphasis on research.

We aim to create a system and environment that makes it easy for all employees to work regardless of gender, age, nationality, personal preferences or physical challenges, through upholding a fair human resources and remuneration system that emphasizes ability and results. Currently, JSR Group operates in 12 countries and regions* around that world, with employees representing diverse backgrounds including their nationality, gender, age, and years of experience. We will flexibly incorporate new thinking and approaches born from this diversity to cultivate members who will continue to impact society and achieve the long-term growth of the Group’s organizations.

* Japan, North America, China, Belgium, Korea, Taiwan, Switzerland, UK, the Netherlands, Thailand, Germany, and Singapore

Philosophy

We, the JSR Group, specify our responsibilities to employees within our management policies.

- Evaluation and rewards based on fair standards
- Continuous opportunities to grow by challenging themselves
- Acceptance of the diversity of fellow colleagues and to be provided a place where all employees can work together as a team

We established 4C Course of Action for our employees consisting of Challenge, Communication, Collaboration and Cultivation.

Based on this corporate philosophy system, our human resources strategy states, “maximize value (provision) to customers and markets, linking efforts for the enhancement of corporate activity efficiency and business competitiveness and the creation of innovation, by maintaining a global perspective and strengthening dynamic and diverse human resources and organizational capabilities according to the characteristics of countries, regions, and businesses.” We have formulated our ideal corporate and organizational culture and we are advancing various measures.

JSR's Ideal Corporate and Organizational Culture

- By respecting diversity, equity and inclusion (DE&I) and having employees autonomously build their own careers, all employees are maximizing their abilities.
- By ensuring employees and the company trust one another and growing together, employee engagement continues to increase resulting in continuous innovation.

Employee Engagement

Goal: Continuously improve employee engagement

Clarifying global strengths, tackling common issues, and promoting individual initiatives, especially in Japan and North America

■ Increasing Employee Engagement

JSR Group believes that increasing employee engagement is the key to sustaining corporate activities and enhancing corporate value. Toward this end, based on the establishment of a culture of diversity, equity and inclusion, we are working to increase engagement by creating a comfortable and rewarding workplace, providing opportunities for employees to take on proactive challenges, build their careers, grow and play an active role.

At the same time, we have been conducting a global employee engagement survey since FY2021 to listen to the frank voices of employees, identify issues in each organization, and effectively work to create a better work environment.

The global response rate, which was 82% in the first year, rose to 89% in the FY2022 survey. Although there was a decrease in the number of employees due to the transfer of the Elastomers Business, we expanded the scope of the target Group companies. In addition to carefully explaining to each company and stepping up cooperation, we also widely



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disseminated information to employees, which greatly increased the number of participants in the survey.

In addition, based on the results of the first year, we improved the survey content and decreased the number of questions to rebuild the foundation for continuous improvement of employee engagement in the future.

An analysis of the overall survey results revealed positive aspects of the Group, such as business execution (delegation of authority/business processes), expectations for innovation, and respect for individuals, and we reaffirmed that these are the strengths of the Group.

On the other hand, in order to continuously increase employee engagement going forward, we found that there are two common global issues: first, making employees feel the company has a promising future and second, making employees feel that they can achieve their career goals at JSR.

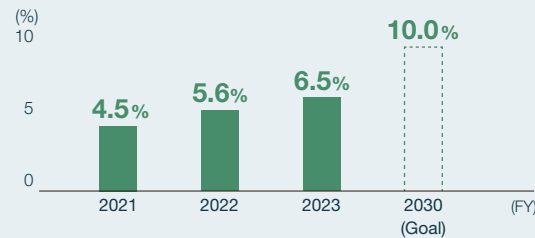
In addition, each Group company and department shares their own scores, interprets and discusses them with all members, and formulates improvement actions using a bottom-up approach. In FY2022, we saw many initiatives related to career and company policies around the globe.

We will continue to conduct the survey on a regular basis and work to improve employee engagement by implementing continual improvements from both the top down and bottom up while carefully examining the appropriateness of such actions and reflecting them in measures.

Diversity, Equity, and Inclusion

Goal: Percentage of women in managerial positions by FY2030 10%

Percentage of women in managerial positions



Note: Numerical figures as of April 1 of each year

■ Advancement Structure

At the JSR Group, the Diversity Promotion Office of JSR and the DE&I personnel of JSR North America Holdings are playing a central role in DE&I efforts under the Chief Sustainability Officer (CSO) who heads up the advancement of our corporate sustainability initiatives. In FY2022, we worked on sharing the different DE&I issues in each of the countries or organizations. We are strengthening global cooperation by engaging in ongoing discussion.

In addition, JSR and JSR North America Holdings have created internal portal sites to actively disseminate information to familiarize employees with the Group's DE&I actions, policy, and approach, so that they can each take ownership of DE&I.

■ Promoting Active Participation and Advancement of Women in the Workforce

The gender composition of JSR Group globally is 34% female and 62% male (4% other). When the percentage of females is viewed in terms of job position, the percentage of females in officer level positions is 13%, and the percentage of females in managerial positions is 22%. The percentages at the non-consolidated level are low, with females accounting for around 20% of JSR, 5% of officers, and 7% of managerial positions. There is a substantial difference in the gender composition ratio of employees and in the upper ranks compared to JSR Group on a global basis.

TOPICS

Initiatives of JSR North America Holdings

JSR North America Holdings seeks to improve corporate value through organizational growth and value creation. In FY2022, it launched an employee resource group (ERG) called REACH^{*1}, which connects Group companies cross functionally.

The ERG allows employees to take the initiative in activities to build a workplace environment where everyone can work authentically and energetically. For example, the company introduced a self-ID system where employees determine and enter their own identity information. It also carried out a self-ID campaign that provides an opportunity for self-expression so that each individual feels accepted and needed as a member of the company. In addition, it has established a forum for regular dialogue, where general employees, managers, and executives discuss



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At JSR, we believe that promoting DE&I at the management level; which plays a central role in organizational operations, will lead to an improvement in the overall resilience of the company. We have established a target of 10% for the percentage of women in managerial positions to be achieved by 2030 and are focusing on this as a key management issue (materiality). This initiative is one of our efforts to promoting diverse human resources. However, because women's advancement is a social issue unique to Japan, JSR has made the percentage of women in managerial positions as a result of ensuring fairness of opportunity a KPI and is working on it accordingly.

various subjects, learning from and empathizing with each other as they work to create a working environment that solidly reflects DE&I. Furthermore, volunteers have formed communities for various demographic groups, including women, BIPOC^{*2}, and LGBTQ, ensuring a safe and secure place for employees to connect with each other.

The various initiatives of REACH have cultivated an inclusive environment where employees with various attributes and diverse backgrounds accept each other and can be themselves.



^{*1} An acronym that stands for Representation (R), Education (E), Advocacy (A), Community (C) and Hope (H).

^{*2} An acronym used to describe three minority groups using B to stand for black, I for indigenous, POC for people of color.