

## Supply Chain Management

### Philosophy

JSR Group positions the “supply chain” as part of its materiality (priority issues) in terms of “Management Foundation.” 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, we are working to build a sustainable supply chain and ensure that we can sustain stable procurement from sound suppliers.

### Sustainable Procurement

Based on the belief that the development of supply chain management will lead to mutual prosperity between our business partners and JSR Group, we have established the JSR Group CSR/Sustainable Procurement Policy and ask our suppliers to comply with 36 items representing six areas.

Furthermore, in FY2021, in order to further share the needs of society and JSR Group’s philosophy, we began collecting acknowledgement of receipt from suppliers with regard to the JSR Group’s CSR/Sustainable Procurement Policy and Human Rights Policy. We hold briefings for purchasing managers at each of our business sites, including overseas Group companies, and work Groupwide to achieve a 100% collection rate. As of the end of FY2022, the collection rate was 90%. Going forward, we will continue encouraging responses from overseas Group companies, which have relatively low collection rates.

**Goal: 100% collection rate of acknowledgement of receipt received after sharing the JSR Group’s CSR/Sustainable Procurement Policy and Human Rights Policy with our suppliers**

**Collection rate of acknowledge of receipt: 90% (FY2022)**

**Goal: 100% collection rate of RMI templates from our suppliers**

**88% (FY2022)**

### Assessment of Business Partners

JSR regularly confirms that our business partners conform to our procurement assessment standards. When assessing potential new business partners, we evaluate their financial status and quality control and conduct onsite audits of safety, environmental, and quality concerns before starting trade. We also reassess as needed existing business partners with whom we have a continuing business relationship following the same criteria as when starting new trade.

Some raw materials are difficult to procure in an emergency due to poor availability or scarcity. For them, we conduct regular audits, making onsite checks of matters having a bearing on supply continuity, and offering suggestions and guidance for quality reliability.

### Response to conflict minerals and others

Our stance based on the JSR Group Purchasing Guidelines is to never permit the use of conflict minerals posing a high



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

risk of having negative impacts on human rights in the supply chain (tin, tantalum, tungsten, and gold), either directly or indirectly.

In FY2015, we conducted an investigation concerning the use of conflict minerals. Since then, we have investigated the use of conflict minerals when adopting new raw materials and hiring a new supplier. Additionally, in recent years, given the growing concern about human rights violations associated with cobalt and mica mining in regards to child labor, in FY2022 we conducted a survey that made use of global standard templates provided by the Responsible Minerals Initiative (RMI). We received templates from 88% of our suppliers located in Japan and overseas with a possibility of use of those minerals, and confirmed that they do not use these minerals or if they do, they procure them from refiners that have no problems.

### Education and Training of Employees in Charge of Procurement

We also focus on the education and training of employees in charge of procurement on the subject of CSR/sustainable procurement and conflict minerals initiatives.

This includes introductory education to personnel newly assigned to purchasing departments to ensure that they fully understand the JSR Group Purchasing Guidelines. For employees in charge of procurement, we also recommend that they acquire the Japan Management Association-accredited Certified Procurement Professional certification (CPP; a qualification certifying expertise in the purchasing and procurement field) to promote their acquiring of more advanced knowledge. We support them in this endeavor by paying the costs of workshops and examination fees.