

## Message from Our Chief Sustainability Officer



**Ichiko Tachibana**

Director,  
Senior Officer

### We are promoting JSR Group's business strategy side by side with sustainability to lead to even greater value creation

JSR Group defines sustainability as “contributing to society by creating value with our business activities.” Promoting sustainability Groupwide while respecting diversity is considered as one of our important strategies for enhancing corporate value.

Our process for implementing sustainability initiatives in FY2021 involved identifying materiality based on a comprehensive evaluation of the social and natural environments, product markets, technology trends, and stakeholder interests, while also considering our corporate mission and management policies. Among the KPIs for the five priority issues related to management foundation, there are two forms of materiality that we emphasize in particular. The first is to increase employee engagement because employees are the main actors in implementing sustainability activities, and to promote diversity, equity and inclusion (DE&I), which is the basis for these activities. The second is to address climate change and its enormous impact around the world by reducing our environmental impact. Going forward, we will further advance sustainability initiatives that lead to business opportunities.

While we found that the progress of KPIs in FY2022 was steady, and after analyzing the information obtained from this process, we realized that it was necessary to focus on the characteristics of each business and that there are items

where global initiatives are effective and items where regional initiatives are effective. This new found awareness could lead us to review our KPIs. For all KPIs, we believe that it is important not only to achieve the target, but also to firmly incorporate a sustainability perspective into the activities of each division through initiatives aimed at achieving the targets. Therefore, we will continue to promote close mutual communication between related divisions and Group companies.

We actively incorporate diverse knowledge from outside sources. As a director, I participate in discussions on the promotion of sustainability at meetings of the Board of Directors, and receive useful advice from outside directors from an independent standpoint. In addition, in the past several years, interactions with external stakeholders have been limited due to the COVID-19 pandemic, but since the second half of FY2022, we have been networking with other companies and inviting experts to give lectures. We will continue these initiatives in the future to disseminate useful information within the Group.

In order to meet the expectations of our stakeholders, we will aim to ensure that all employees engage in their work with sustainability in mind and continue to encourage this approach going forward.

## Sustainability Advancement Structure



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

JSR Group established its Sustainability Promotion Committee in 2020. The committee discusses and coordinates on matters related to sustainability, including policies, in line with internal and external circumstances relating to ESG and the SDGs.

Below the Sustainability Promotion Committee are four committees called the Sustainability Planning Committee, Environment, Safety and Quality Committee, Risk Management Committee, and Corporate Ethics Committee. The Sustainability Promotion Committee supervises and guides the four committees, and also strengthens and promotes their management through regularly scheduled meetings (held four times annually) as well as extraordinary meetings. In principle, the Committee also reports on

activities once every quarter to the Board of Directors and undergoes supervision/observation by the board of directors.

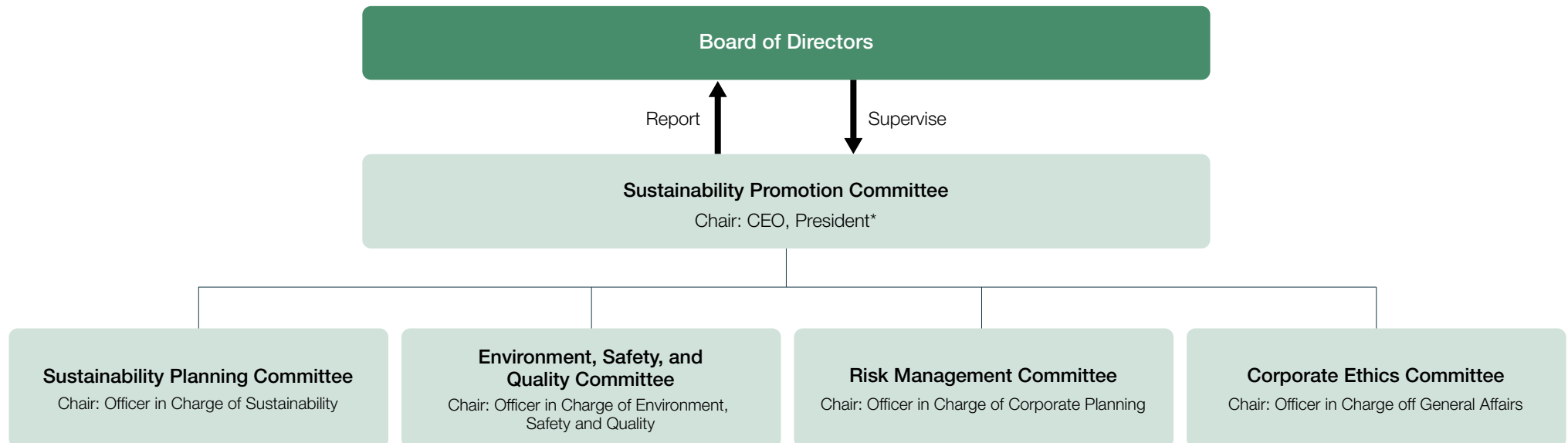
The Sustainability Promotion Committee is chaired by the President. Participants are the secretariats of the four above-mentioned committees as well as company officers (those responsible for corporate planning, manufacturing technologies, procurement and logistics, quality assurance, safety and environmental affairs, research and development, human resources development, accounting and financial affairs, corporate communications, general affairs, legal affairs and compliance, system strategies, cyber security management, sustainability promotion, diversity promotion, the Digital Solutions Business, the Life Sciences Business, and the Plastics Business). This

enables the committee’s discussions to touch on all businesses and functions of the Group.

We endeavor to build confidence among our stakeholders by disclosing information on the committee’s activities and results in the Sustainability Report.

### Examples of Issues Discussed by Sustainability Promotion Committee in FY2022

- JSR Group’s activities to advance sustainability management
- Discussion on JSR Group’s material risks
- Latest situation on various reviews related to activities to advance sustainability



\* In accordance with the organizational reform following the Ordinary General Meeting of Shareholders in June 2023, the chair of the Sustainability Promotion Committee was changed to the CEO, President.

## Human Capital

### Message from the Officer in Charge of Human Resources Development



**Yasufumi Fujii**  
Human Resources  
Development

#### 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](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.

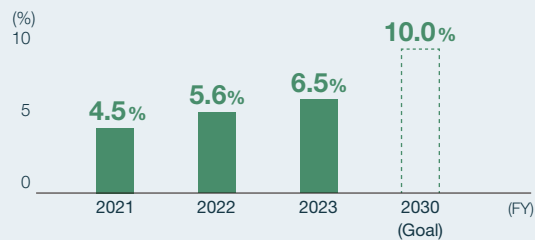
In addition, each Group company and department shares their own scores, interprets and discusses them with all members, and formulates improvement actions using a bottom-up approach. In FY2022, we saw many initiatives related to career and company policies around the globe.

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<sup>\*1</sup>, 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<sup>\*2</sup>, 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.

## Environment

### Message from the Officer in Charge of Safety and Environmental Affairs



#### Policy

Seeing occupational safety, security and accident prevention, environmental conservation, and product safety as key foundations for its business activities, JSR Group conducts all business undertakings under the following Responsible Care® (RC) policy.

1. We strive to ensure the safety of employees and local communities, and to contribute to environmental conservation and a sustainable global environment by ascertaining risks associated with our business activities and executing countermeasures.
2. We strive to comply with laws, ordinances, and voluntary regulations by gathering information on and ensuring the full development of laws and regulations required for business activity.
3. We strive to ensure the safety of our products by developing products with consideration for safety, health, and the environment and providing information about them.

### Sharing our safety philosophy with the entire Group and working to build a robust management foundation

In FY2021, JSR Group set KPIs for “environmental conservation and impact reduction” and “health and safety,” which are materiality (priority issues) related to the Group’s management foundation. Based on this, we continued with our activities in FY2022.

With regard to environmental conservation and impact reduction, we have set an interim target of a 30% reduction by FY2030 compared to FY2020 in order to ensure that we reach net-zero GHG emissions by FY2050. In addition to our existing energy conservation activities, we are promoting the use of purchased electricity generated from renewable energy and energy transition. Going forward, JSR Group will work together as one to implement these activities.

With regard to health and safety, starting in FY2022 we have been focusing on activities that are conscious of strengthening the safety foundation at all JSR Group sites in Japan and overseas, including the Life Sciences Business.

One of our activities is to instill safety-related value. This time, we have improved the content of the JSR Group’s shared safety philosophy to make it easier to understand. We intend to raise the safety level of the entire JSR Group by instilling this approach in each and every employee and monitoring the safety level of each site based on common standards.

These new activities will not only build a robust



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management foundation, but also provide value to all stakeholders, including employees, local communities, customers, and shareholders.

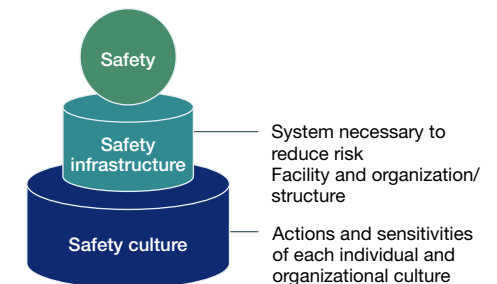
Stay safe.

#### JSR Group’s safety goal

Safety is based on risk, and safety is supported by a safety infrastructure that mitigates risk and a safety culture that complements and strengthens the safety foundation.

JSR divides the status of safety into three stages and aims for the target stage three to raise its safety level.

“Safety” means a state in which **risk is at an acceptable level, supported and ensured by a safety infrastructure and safety culture.**



## Philosophy

JSR Group recognizes that it is our duty to contribute to the realization of a sustainable global environment and society as a company which handles chemical substances.

Therefore, we consider reducing the environmental impact arising from our business activities and appropriately managing chemical substances to be priority issues. Accordingly, we are striving to reduce greenhouse gas emissions from energy consumption and to appropriately manage waste. In particular, it is expected that climate change will have a big impact on our business due to the risks from an increase in natural disasters and environmental regulations. Therefore, we consider reducing greenhouse gas emissions to be a mid- to long-term management issue and are working on it over the whole of JSR Group.

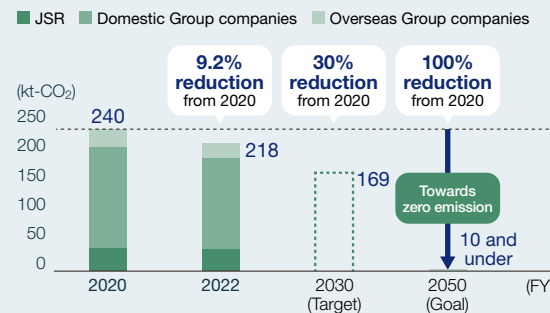
## Reducing Environmental Impact: Material Balance

JSR Group strives to reduce its environmental impact in a comprehensive, efficient way by quantitatively ascertaining and closely analyzing inputs as well as outputs.



## Climate Change Mitigation Materiality

**Goal: Reduction of GHG emissions (vs FY2020)**  
**FY2030: 30% reduction / FY2050: 100% reduction**



Note: Due to the transfer of the Elastomers Business in April 2022, we have recalculated GHG emissions going back to the base year of FY2020.

## Initiatives to Reduce GHG Emissions

In addition to fuel conversion, JSR Group has been working to enhance energy conservation technologies, introducing, for example, cogeneration equipment and sludge drying equipment.

As an example of our main initiatives in FY2022, we switched to renewable energy power plans at the following sites with the objective of reducing emissions by changing electricity procurement methods. We will continue to advance initiatives to reduce emissions.

### Manufacturing sites

- JSR Micro Kyushu Co., Ltd.
- JSR Micro N.V.

Please refer to the JSR Sustainability Site for more details.  
[https://www.jsr.co.jp/jsr\\_e/sustainability/environment/co2.shtml](https://www.jsr.co.jp/jsr_e/sustainability/environment/co2.shtml)

## Business offices

- Head office (tenant building)

Endorsing the mission of the TCFD, we identify climate change-related risks and opportunities through scenario analysis and formulate medium- to long-term measures. Based on this, we are taking on the challenge of introducing innovative energy technologies and promoting the development of eco-friendly businesses and products, thereby contributing to the formation of a decarbonized and recycling-oriented society.

We aim to achieve “net-zero” GHG emissions by 2050, and will continue to actively take on challenges going forward.



JSR Micro Kyushu

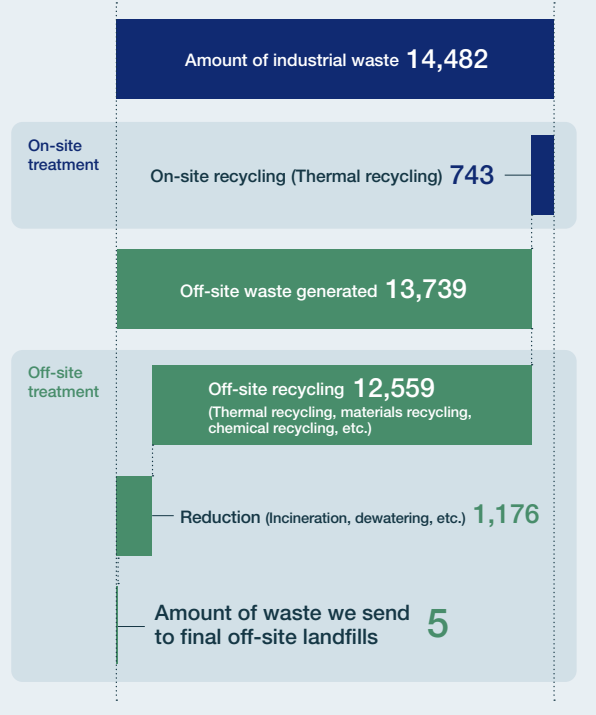


JSR Micro N.V.

**Waste Reduction** Materiality

**Goal: Final landfill amount of 0.1% or less**

Disposal of industrial waste (FY2022) Unit: tons



**Initiatives to Reduce Industrial Waste**

JSR Group recognizes that “aiming for zero waste sent off to final off-site landfills” is an important issue.

Industrial and other waste generated in the Group’s corporate activities is first internally treated (separation, recycling, weight reduction, etc.), and the rest is externally treated as waste discharged outside the plant.

Amid this, we established a global target to reduce the amount of waste sent to final off-site landfills to 0.1% or less of the amount of waste generated, and we are promoting recycling toward this end. In FY2022, the amount of industrial waste generated was 14,000 tons (down 25% from the previous year), and the recycling rate was 92%. As a result, the amount of waste we sent to final off-site landfills was 5 tons, maintaining this ratio at less than 0.1%. We will continue to strive to control this waste, advance recycling, and implement activities from a long-term perspective.

**Waste Plastic Recycling Promotion**

JSR is working to advance the recycling of waste plastics with a target of reaching a recycling rate of 100% including heat recovery and 60% excluding heat recovery by FY2030.

The FY2022 waste plastics recycling rate (including heat recovery) was 92% for JSR and for domestic Group companies. We will continue moving forward with approaches. At the same time, our recycling rate (not including heat recovery) has fallen short of our target values as of the current point in time, and we will continue working to further raise our recycling rates.



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[https://www.jsr.co.jp/jsr\\_e/sustainability/environment/reduction.shtml](https://www.jsr.co.jp/jsr_e/sustainability/environment/reduction.shtml)

**Chemical Management**

Following the EU’s enactment of the REACH Regulation in 2007, JSR Group has confirmed regulatory trends such as substance registration each time they have been strengthened in countries. We respond to these without omission based on the business areas and structure of local subsidiaries.

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 facilitating compliance with legislation requiring existing substances to be registered along with safety data, in collaboration with local subsidiaries.

**Conservation of Water Resources**

JSR Group uses such water resources for drinking water, of course, but also as a raw material, cleaning solution, in treatment facilities for chemicals, and coolant in its manufacturing processes. We strive to recycle water in our processes. At the same time, we purify and check the quality of the water as required after use before discharging it into rivers or other bodies of water.

In FY2022, JSR Group consumed 3,853,000 m³ of water (down 3.3% year on year) and discharged 3,748,000 m³ of wastewater in total (down 4.4% year on year).

We will continue to strive to appropriately manage increasingly important water resources in the future.



## Reporting as Based on TCFD Recommendations

### Philosophy

JSR Group sees responding to the problem of climate change currently facing society as one of the most important issues for the company because of its large correlation to the Group's businesses, and we are therefore actively working to reduce greenhouse gases (GHG) emissions both internally and externally.

The Group's manufacturing sites and supply chain directly impact climate change in various ways. At the same time, the Group aims to become a solution provider using innovation as a driving force. Thus, we can help mitigate climate change indirectly through our products and services. We understand that our response to climate change must be mindful of both these facets.

It is in this context that the Group expressed its support for the TCFD Recommendations in October 2020. We believe that these recommendations will contribute to the development of a sustainable society that is transitioning to a decarbonized economy. As a chemical company that takes climate change seriously, we seek to more deeply understand the opportunities and risks impacted by the Group's business activities. We take action accordingly and strive to disclose our initiatives proactively and publicly. We will seek to achieve net-zero emissions by 2050 as the Group announced in 2021 and to reduce GHG emissions through our products.

### Governance

We utilize a supervisory structure, overseen by the Board of Directors, to examine and carry out appropriate responses to issues that could potentially pose business risks or represent business opportunities. With the aim of strengthening supervision of risks and opportunities related to sustainability, including responses to climate change, the Board of Directors receives progress reports twice a year, examines them as identified themes, shares issues, and discusses and deliberates on future activities. In addition, the executive officer in charge of promoting sustainability (CSO) concurrently serves as a director. In this manner, we have established a system that enables the Board of Directors to thoroughly implement sustainability management.

### Strategy

In formulating strategies, risk management, indicators, and targets related to climate change, we have been conducting scenario analysis in line with the TCFD Recommendations since FY2019. In FY2022, we worked on designing calculation software for quantitative simulations. In FY2023, we will use this software to conduct simulations under conditions based on multiple scenarios and continue to conduct quantitative analysis.

On the other hand, we have incorporated internal carbon pricing (ICP) into the decision-making process for future investments. Specifically, the cost of investment assets is calculated based on ICP, future cash flows are calculated,



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and reflected in return on investment. Based on the characteristics of each investment, we then determine the appropriateness of the payback period.

\* 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.

### Risk Management

We have been operating our own independent risk management system since FY2009, and under the leadership of the Risk Management Committee, we regularly identify risks in all units in Japan and abroad, including Group companies. Climate change risks, such as carbon pricing and global regulatory issues, which are particularly urgent and very important, are also regarded and discussed as management-level risks. With regard to climate change issues, we organize and assess transition risks as risks related to business strategies and physical risks as risks associated with business operations.

### Metrics and Targets

With regard to climate change, we have designated GHG emissions as one of our KPIs and set targets that we are working to achieve. We have declared our aim of becoming carbon neutral in terms of our own GHG emissions (Scope 1 & 2) by FY2050. To establish milestones along the way, we formulated intermediate environmental targets for FY2030.

## Health and Safety

### 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, targeting zero accidents and disasters.

#### Safety Philosophy

At JSR Corporation, 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.

#### Safety Policy

##### • Extremely Safe Behavior

The Safety Policy has penetrated through the organization, the Course of Action is established as applying to everyone, and safety competency is improving through proactive safety activities.

##### • Enhanced Human Resources and Organizational Strength

High personal skills, 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.

##### • 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 Safety

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

### Safety Management System

JSR has established and operates a safety management system comprised of each business location and containing rules and procedures on occupational safety, security and accident prevention based on the safety management regulations. At Group companies, we steadily implement the PDCA cycle in accordance with the management system of each respective company in an effort to mitigate risks both potential and present.

To verify the effectiveness of this management system and our activities, our business sites regularly conduct audits, safety patrols and management reviews and Headquarters Environment and Safety Audits led by the President in an effort to achieve continuous improvement.

We have compiled manuals that contain appropriate and effective response measures that help to prevent damages from spreading in the event of an accident or disaster. In addition, to prevent recurrences, we investigate to determine the root cause, implement countermeasures, and verify their effectiveness. In turn, we share this information within the Group to stop accidents before they occur.

Based on the belief that “safety is the foundation of business continuity and a key management issue necessary for corporate growth,” we establish targets and priorities for subsequent fiscal years in light of the results of environment and safety audits and management reviews. Through a selection-and-concentration approach to address priorities, we implement more efficient occupational safety, security, and accident prevention efforts.



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In FY2022, to advance concrete efforts towards the defined targets, we have set the number of occupational and facility accidents as a key performance indicator (KPI) of the material issue of “safety and health” within the Group. We have also globally standardized the evaluation criteria and have begun monitoring.

### 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. Therefore, we take various actions in support of our employees so that they can remain healthy at work both mentally and physically.

JSR will advance “JSR Health Promotion” as an activity to promote health and fitness among our employees, who are the foundation of organizational activity, and thereby increase engagement and improve work productivity.

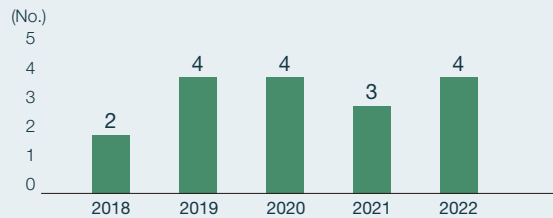
The ultimate vision and goal of this initiative is to become an organization where all employees can think about their own health and take action. We aim to provide measures to maintain and improve the health of each employee in ways that suit them and that can be performed autonomously.

By objectively evaluating and improving the results of these initiatives through a third-party survey, and implementing the PDCA cycle, we will develop more effective health maintenance and improvement measures and support the health of our employees.

## Create a safe work environment

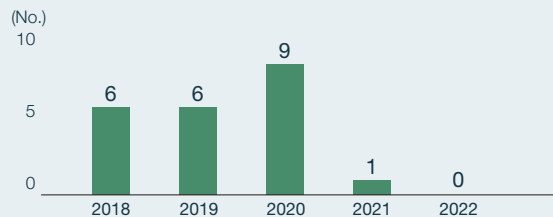
### Goal: Zero workplace accidents

The number of workplace accidents  
(at least four days of work lost: JSR Group)



### Goal: Zero facility accidents

The number of facility accidents  
(serious injuries: JSR Group)



### Occupational Accidents

In FY2022, there was one occupational accident involving four or more lost work days at JSR, and there were three at Group companies for a total of four, in contrast to the Group's target of zero. There were many accidents such as

lower back pain that had not occurred in recent years, pinching and entanglement in the office, and slipping and tripping, and based on an analysis of the cause of these accidents, we have determined that there are issues with "education" and "identification of risks."

In FY2023, we are working on the items below as measures to prevent the recurrence of these occupational accidents.

- Enhancement of risk assessments (work risk management with additional focus on lower back pain from improper posture or repetitive tasks)
- Implementation of education (enhancement of clerical work risk awareness and education)

### Facility Accidents

There were no facility accidents (serious facility accidents<sup>\*1</sup>) within JSR Group in 2022, meaning we achieved our goal.

We believe that one of the reasons we were able to achieve our target this year was that we were successful in our efforts to control corrosion at our facilities and engage in risk-based facility and crisis management<sup>\*2</sup>. These measures have already been incorporated into the facility management system and will continue to be implemented in the future.

<sup>\*1</sup> Facility accidents that fall under Risk Level I and II of our standards

<sup>\*2</sup> Evaluation of each facility and equipment based on safety, frequency of failure, etc., and management of inspections and maintenance based on the results

## Activity Record

In FY2022, following the split and transfer of the Elastomer Business in April, we focused not only on safety activities centered on petrochemical plants, but also on building a foundation for safety at all JSR Group sites in Japan and overseas, including the Life Sciences Business.



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/society/security\\_safety.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/security_safety.shtml)

### Environment and Safety Audit

In FY2022, we conducted in-person audits of JSR's three business locations and seven Group companies in Japan in relation to the impact of the transfer of the Elastomer Business on the environmental and safety management structure, in addition to the key areas of risk management, legal compliance management, and accident management. There were no non-conformities at any of these business sites or companies that would significantly impact safety activities.

On the other hand, there was room for improvement in the maintenance and management of risk countermeasures. In order to further improve the level of safety, we will implement the following items.

- Strengthen risk countermeasure management (advance maintenance and management of high risk countermeasures)

### Thorough Risk Management

In FY2022, we identified the status of important risks using an expanded scope of JSR Group. In FY2023, we will review our risk management standards related to the environment and safety and strengthen the management of important risks throughout JSR Group.

### Fostering Safety Culture

We are in the process of setting KPIs for fostering a culture of safety within JSR Group. In FY2022, we established the JSR Group's philosophy on safety globally. We will strive to spread this from 2023 onwards, and at the same time, we plan to set goals (KPIs) for JSR Group and regularly monitor the safety status of each business site.

## Respect for Human Rights

### Philosophy

JSR Group positions respect for human rights as one form of materiality (important issue).

It is critical for the entire Group to enhance its understanding of human rights and take appropriate actions. We have established JSR Group's Human Rights Policy in accordance with the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, and the UN Global Compact, as we strive to fulfill our responsibility to respect human rights in all of our business activities.

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

At JSR Group, the Corporate Ethics Committee, which is chaired by the officer in charge of general affairs and whose office is the General Affairs Department, is responsible for promoting initiatives related to respect for and safeguarding of human rights.

The Corporate Ethics Committee is charged with formulating and executing plans to advance initiatives and verifying their progress. Progress is reported to the Board of Directors via the Sustainability Promotion Committee.

Goal: Participation rate in e-learning on respect for human rights

**82% (FY2022)**

### Raising Awareness of Human Rights

Further educating Group employees of human rights is essential to fulfilling JSR Group's responsibilities in terms of respect for human rights. To this end, we are providing ongoing e-learning on human rights, aiming to systematically educate our employees on human rights.

In FY2022, we conducted the first installment of e-learning on the basic knowledge of human rights and overview of JSR Group's Human Rights Policy utilizing e-learning curriculum provided by Caux Round Table Japan (CRT Japan).

Going forward, the same course will continue to be implemented with the KPI of over 80% participation rate globally. In FY2022, overall participation exceeded the target at 82%, but participation varied among each implementation site. For places with lower attendance, we will look into factors among those who did not attend to identify whether there is any bias due to department or position and take measures to improve attendance.



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

### Respect for Human Rights in the Supply Chain

JSR Group also understands the necessity of promoting initiatives oriented toward respect for human rights not only within the Group, but across the entire supply chain as well. To put this into practice, we revised our questionnaire for suppliers in 2017 and incorporated relevant items on 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's philosophy outlined in the above policies speaks for the requirements placed in companies by international society. JSR Group believes that it must share this philosophy with its business partners, and toward this end, we have conveyed both policies to the Group's main suppliers and collected consent forms stating their endorsement of the policies in FY2022. The entire Group is working to implement this effort with a target collection rate set at 100%. In FY2022, the collection rate was 90%.

We will continue taking the steps necessary to strengthen collaboration with partners in the supply chain and enhance our respect for human rights.

## 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.

## Corporate Governance

### 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 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 basic remuneration, an annual bonus, performance-linked stock 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 47.



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)

#### ■ 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.

Ratio of outside directors

**44%**

Ratio of outside Audit & Supervisory Board members

**66%**

#### ■ Main Agenda Items of the Board of Directors

- Acquisition of IndivuServ business unit of Indivumed GmbH
- Acquisition of additional stocks of JSR Electronic Materials Korea Co., Ltd.
- 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
- Enhancement of monitoring role of the Board of Directors

## 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 and President, and executive officers or general managers appointed by the CEO and President. 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 and President, and executive officers appointed by the CEO and President. It engages in broad-ranging debate on items related to fundamental management initiatives, management 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.

### Officers Committee

This Officers Committee consists of the CEO and 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

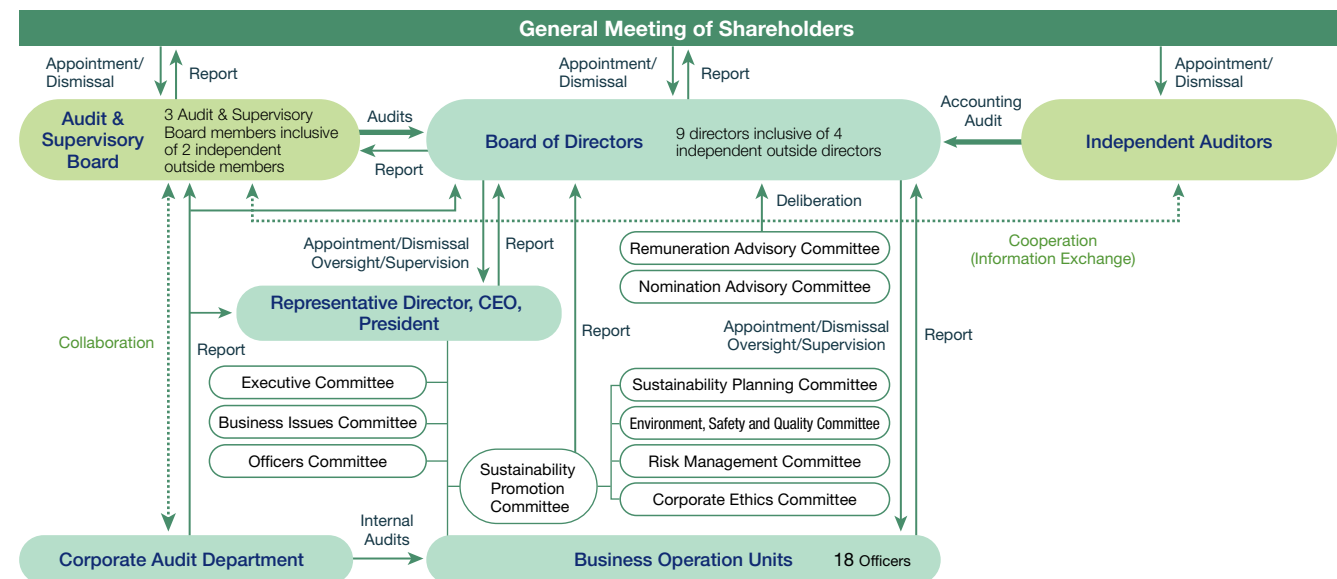
The Audit & Supervisory Board, consisting of three Audit & Supervisory Board members and holding meetings once monthly in principle as stipulated in the Regulations of the Audit & Supervisory Board, receives reports on important matters, holds discussions, and makes decisions.

### 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

Corporate Governance Structure Diagram (As of June 16, 2023)



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

Based on our corporate mission, in order to maintain 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 advancing 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 FY2022 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 FY2022

#### Evaluation Process

The Board of Directors conducted a questionnaire and interview session targeting all nine directors (including four independent outside directors) as well as all 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 and interviews. In FY2022, the Board of Directors hired a third party with expertise in implementing the above evaluation process.

#### Conclusions

Through analysis, evaluation and discussions conducted, the Board of Directors has drawn the conclusion that the Board of Directors of the Company is functioning effectively.

#### Reasons for Evaluation

- The board has the right composition in terms of diversity (e.g., nationality, gender, etc.). In addition to providing high value-added advice, the Board of Directors conducts frank and active discussions aimed at improving the medium- to long-term corporate value.

- The Board of Directors fully fulfills its role and function as a meeting body which supervises the execution of operations from the perspective of various stakeholders and seeks improvement from management as necessary.
- The majority members of either the Remuneration Advisory Committee or the Nomination Advisory Committee are independent outside directors, while the chair of each is an independent outside director as well. They provide appropriate reports while maintaining independence and objectivity thereby strengthening the supervisory function of the Board of Directors.

#### Issues and Future Initiatives

It was pointed out in last year's effectiveness evaluation that it is necessary to consider a specific monitoring approach, the size and composition of the Board of Directors, as well as the directors' qualification and diversity in order to enhance the monitoring function of the Board. In response to this critique, at this year's Board of Directors' meeting, we discussed and organized the issues and approach for transitioning to a monitoring model and have obtained a consensus among the Board members regarding our vision for the Group's monitoring model.

(Our vision for the Board of Directors)

- To approve strategies and supervise their execution from a multi-stakeholder perspective (monitoring function) and provide advice that will maximize the corporate value (advisory function).
- To actively support the management that embodies Materials Innovation by focusing on the above defined functions and entrusting business divisions with execution through broadly delegating decision authority to execute important business decisions.

This year's Board of Directors effectiveness evaluation has pointed out the following issues regarding the realization of the our vision of a monitoring model. As such, we will continue to our efforts to address these issues.

#### Issues Noted

- While the current Board of Directors is functioning effectively, it is necessary to clarify the definition, detail and criteria of supervision and reaffirm the roles and responsibilities of supervision and



executive in order to transition to a monitoring model centered on supervisory function. As such, we must make efforts to achieve the optimal composition of the Board of Directors to strengthen the monitoring function.

- While important management issues are being discussed by the Board of Directors, it is necessary for the Board to appropriately grasp the business strategy and execution status after the business transfer of Elastomers in order to realize a more effective supervisory role. In order to focus on deliberations regarding medium- to long-term directions and strategies, it is necessary to further narrow down the agenda to important items, set specific target levels and goals, and conduct post-decision supervision based on the standards.
- The composition and roles of the Nomination Advisory Committee are appropriate. However, there are issues in terms of ensuring enough time and information for substantive discussion on successor training plan, and it is necessary to further enhance deliberations.
- The current system and function of auditing are working effectively. However, it is necessary to continue enhancing the systematic and integrated audit system for the Group on a global scale for the Board of Directors to adequately assess important risks as we expand our business globally.

## 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.

- Persons eligible: Inside directors (including representative directors and executive directors), outside directors, Audit & Supervisory Board members, officers, executive advisors, senior advisors and other important employees
- Items for deliberation: Establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of

### 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.
	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	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"> <li>• 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.</li> <li>• Maximum number of shares to be granted: 400,000 shares for target period.</li> </ul>
	Remuneration for granting Restricted Stock	Payment at a fixed time every year	<ul style="list-style-type: none"> <li>• Up to JPY 400 million per year and up to 400,000 shares per year.</li> <li>• 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.</li> </ul>

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 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

**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	
<b>Directors (Excluding Outside Directors)</b>	CEO, President	100	100	200	200	100:500
	Managing Officer/ Senior Officer/ Officer (concurrently serving as a Director)	100	25	Around 23	Around 23	100:70

\* A Director who concurrently serves as a Managing Officer or its subordinate officer position is compensated with a concurrent director allowance that is separate from the table. Moreover, a Director who also concurrently serves as a Managing Officer or its subordinate officer position with a right to representation is compensated with a representation right allowance that is separate from the table.

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 five members, including four independent outside directors (one of whom is the chair), as well as the CEO and President. 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 FY2022, the CEO, President submitted annual

management activity reports to the Committee, which evaluated management activities over the course of the year. In addition, the committee reviewed the management succession plan as well as composition and selection of 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 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 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 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

#### 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 Sciences
Director	Eric Johnson		○	○	○			○	○	○	○
	Koichi Hara					○	○		○	○	○
	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 Tokuhira	Independent outside officer				○	○		○		

judges there arises a reason that necessitates dismissal of directors including the CEO and President. 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 dismissal of the CEO and President. Upon receipt of the aforementioned annual management activities report and based on the business result and performance evaluation of the CEO and 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 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 provides opportunities for newly appointed officers to participate in external seminars and training programs, such as one specifically designed for newly appointed directors, because of their potential as future board members. JSR also conducts introductory seminars and plant and laboratory tours and other opportunities for newly appointed outside directors and outside Audit & Supervisory Board members, 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 for directors and Audit & Supervisory Board members in attendance to exchange opinions on such themes. This opportunity helps them 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 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 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.

#### 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. Every year, the CEO and 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 medium-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).

## Main Activities of Outside Officers in FY2022

\*As of June 16, 2023 (the end of the 78th Ordinary General Meeting of Shareholders)

Name	Position Term of office in parenthesis	Main Activities
Tadayuki Seki	Director (Six years)	Tadayuki Seki attended all 17 Board of Directors meetings held in the fiscal year. 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 to enhance important decision-making and supervision of execution of the Board of Directors as well as contributed to corporate governance. He also 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 as chairman 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 a chairman of the Nomination Advisory Committee from an objective and long-term perspective.
David Robert Hale	Director (Two years)	David Robert Hale attended all 17 Board of Directors meetings held in the fiscal year. 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 a 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 a member of the Nomination Advisory Committee from an objective and long-term perspective.
Masato Iwasaki	Director (One year)	Masato Iwasaki attended all 13 Board of Directors meetings held after his appointment. Utilizing his extensive experience in management of a multinational corporations engaged in the fields of ethical pharmaceuticals along with his outside perspectives independent of the Company, he enhanced important decision-making and supervision of the execution of the Board of Directors as well as contributed to corporate governance. He also contributed to the continuous improvement of corporate value of the Group by ensuring the rationality of management's decision making and the transparency and soundness of management. As a member on the Remuneration Advisory Committee, Iwasaki made every effort to ensure the rationality and transparency of the officer remuneration system. Also, he assisted in the review of the succession plan for the Group's management structure as a member of the Nomination Advisory Committee from an objective and long-term perspective.
Kazuo Ushida	Director (One year)	Kazuo Ushida attended all 13 Board of Directors meetings held since his appointment. Utilizing his extensive experience in management of a multinational company engaged in the fields of video-related products, precision machinery, etc. coupled with his outside perspectives independent of the Company, he enhanced important decision-making and supervision of the execution of the Board of Directors as well as contributed to corporate governance. He also contributed to the continuous improvement of the Group's corporate value by ensuring the rationality of management's decision making and transparency and soundness of management. He serves on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Ushida assisted in the review of the succession plan for the Group's management structure as a member of the Nomination Advisory Committee from an objective and long-term perspective.
Junko Kai	Audit & Supervisory Board Member (Two years)	Junko Kai attended all 17 Board of Directors meetings and all 17 Audit & Supervisory Board meetings held in the fiscal year. 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.
Takaaki Tokuhira	Audit & Supervisory Board Member (One year)	Takaaki Tokuhira attended all 13 Board of Directors meetings and all 12 Audit & Supervisory Board meetings held since his appointment as a member of the Audit and Supervisor Board. He utilized his wide ranging specialist knowledge and extensive experience in finance and accounting as Certified Public Accountant coupled with his outside perspectives independent of the Company in audits, and he shared 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.

## Officers (As of July 31, 2023)

### Directors and Audit & Supervisory Board Members

**Nomination** Nomination Advisory Committee

**Remuneration** Remuneration Advisory Committee



#### Eric Johnson

Representative Director, CEO, President  
North America Business  
President of JSR North America  
Holdings, Inc.

**Nomination** **Remuneration**



#### Koichi Hara

Representative Director, Managing  
Officer  
Corporate Planning (including  
supervising Group companies), M&A

**Remuneration**



#### Seiji Takahashi

Director, Managing Officer  
Manufacturing, Procurement and  
Logistics, Environment and Safety,  
Quality Assurance, Yokkaichi Plant  
Manager



#### Ichiko Tachibana

Director, Senior Officer  
Sustainability Promotion, Diversity  
Promotion, Global HR Coordinate



#### Kenichi Emoto

Director, Officer  
Accounting, Finance, Corporate  
Communications



#### 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

##### Makoto Doi

Legal Affairs, Compliance

#### Senior Officer

##### Kazumasa Yamawaki

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

##### Mikio Yamachika

Supervising Digital Solutions Business,  
Manufacturing and Technology, 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, Edge Computing  
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.

##### Toru Kimura

Supervising Digital Solution Business  
(deputy), Electronic Materials Business  
General Manager of Electronic Materials Div.  
General Manager of Advanced Lithography  
Material Business Promotion Dept. in  
Electronic Materials Div.  
Chairman of JSR Electronic Materials  
(Shanghai) Co., Ltd.  
Representative Director of JSR Electronic  
Materials Korea Co., Ltd.

#### Officer

##### Yasufumi Fujii

Human Resources Development, General  
Affairs, Secretarial Office

##### Yutaka Yoshimoto

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

##### Hiroaki Tokuhisa

New Research (CTO), Intellectual Property,  
Material Characterization Analysis, General  
Manager of RD Technology · Digital  
Transformation Center, General Manager of  
JSR Bioscience and informatics R&D center

##### Khashayar (Hash) Pakbaz

Digital Transformation (CDO)

##### Motoyuki Shima

Electronic Materials Development (deputy),  
Development Management at Yokkaichi Area  
General Manager of Fine Electronic Materials  
Development Center in Electronic Materials Div.

##### Kentaro Yamamoto

IT Strategy, Cyber Security Management,  
General Manager of IT Strategy Dept.

##### Amin Spura

Director and CEO of Crown Bioscience  
International

##### Jeffrey Mowery

Director, President, and CEO of KBI  
Biopharma, Inc.  
Director and President of Selexis SA

## Compliance

### 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 executing 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

JSR Group is advancing corporate ethics activities together with all of its Group companies, both in Japan and overseas. To achieve this, we have formulated JSR Group Principles of Corporate Ethics as a concrete and globally-shared guideline that reflects our “Essential Elements”.

The principles represent 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 to develop our corporate activities while fulfilling the management policies spelled out in “Our Responsibility to our Stakeholders”. The Group shall never require directors and employees of Group companies to violate this Code of Conduct. Additionally, JSR Group shall not disadvantage any director or employee who refuses to execute an order to violate the Code of Conduct because of that refusal.

### Corporate Ethics Activities

#### ■ Corporate Ethics Awareness Survey

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 overseas. 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 containing a message from the assigned officer summarizing the results and explaining issues and other matters gleaned from the results. 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.

#### ■ Hotline (Internal Reporting Channels)

JSR Group has introduced a system of internal reporting channels called the Corporate Ethics Hotline. There are three categories of hotlines; namely, an internal hotline operated by the corporate ethics committees of the Company and each Group company, an external hotline operated by an outside law firm or a professional organization, and a business partner hotline. Of these, the external hotline operated by outside professional organizations has staff who speak 16 languages, including Japanese, English, Korean, Chinese, and Thai, making them easily accessible to business offices overseas.

The Corporate Governance Code stipulates that a contact point independent of management should be established as part of developing a whistleblowing system. Accordingly, we have set up the external hotline such that any report that comes through is simultaneously reported to the



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)

office of the Corporate Ethics Committee and the standing Audit & Supervisory Board member.

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. The office then discusses and decides on responses based on the department’s findings, implements responses, and later follows up on the results. If the reporter desires feedback, the contact point that initially received the report contacts him/her with the results as well as the responses taken.

We post and display guides for accessing the hotlines on the company intranet and the top page of online internal newsletters to make these hotlines easier to use.

In addition, we also hold yearly meetings between the corporate ethics officers of domestic Group companies and JSR’s Corporate Ethics Committee for the purpose of ensuring all Group companies in Japan are on the same page and tackling ethics-related issues.

### JSR Group Business Partner Hotline

In Japan, the revised Whistleblower Protection Act came into effect in June 2022. In light of this, we have expanded the supplier hotline for purchasing partners to make reports to the JSR Group Business Partner Hotline for whistleblowing use by a wider scope of business partners of the Group, not limited to purchasing partners.

The JSR Group Business Partner Hotline receives reports from business 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 employees’ hotline. Efforts are

being made toward improving reliability, by thoroughly enforcing strict secrecy of reports and prohibiting handling of reports that would be disadvantageous to those reporting.

In FY2022, there were zero reports made to the JSR Group Business Partner Hotline.

### 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 Group has formulated “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 Unfair Competition Prevention Act in Japan, Foreign Corrupt Practices Act in the U.S., Bribery Act in the U.K. and other anti-corruption laws when performing their tasks.

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 under the circumstances of highly advanced information and communication technologies. 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 in Japan. At the same time, we have established Rules for Handling Specific Personal Information in response to the introduction of Japan’s Individual Number system.

Within these rules, in accordance with relevant laws and our privacy policy, we ensure appropriate handling of specific personal information by defining precautions and security standards necessary to ensure the proper use and protection of this information at each of the stages of acquisition, storage, use, provision, disclosure, correction, suspension of use, and deletion.

Furthermore, for Group companies that 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 appropriate 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

### Philosophy

JSR Group believes that preventing major crises from occurring and minimizing their impacts on business activities is a key part of management. In response to these issues, 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 has established a Risk Management Committee under the Sustainability Promotion Committee. We have put into place a system whereby the Risk Management Committee comprehensively manages important risks that have materialized or could potentially materialize within the Group.

The Risk Management Committee advances the Group's risk management by taking the lead in identifying important risks and supporting the formulation of policies for responding to such risks and the planning and execution of risk management plans by related committees or departments in charge.

For important risks that were identified, the progress of countermeasures is reported to the Sustainability Promotion Committee and the Board of Directors.

We manage risks related to the individual capital investments of each business, strategic investments such as M&A, and business plans through deliberations and decisions made by the Board of Directors and other committees.

The risk management system forms part of the Group's internal control system. The status of the internal control system's execution is reported regularly 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 additionally 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.



For details of our risk management structure, see our Corporate Governance Report.

[https://www.jsr.co.jp/jsr\\_e/company/assets/pdf/20230704\\_CG\\_En.pdf](https://www.jsr.co.jp/jsr_e/company/assets/pdf/20230704_CG_En.pdf)

### Identifying Risks and Selecting Important Risks

Under the initiative of the Risk Management Committee, each division of JSR Group companies in and outside of Japan identifies risks on a regular basis. In addition, management holistically understands risks related to management strategy and the foundation of business continuity.

Utilizing a risk map that represents level of business impact and frequency of occurrence, we identify risks that could have a significant impact on business continuity and organize them into JSR Group Risk Factors. We build and maintain a system for prevention of latent risks and crisis preparedness by having senior management monitor and regularly review important risks.



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/governance/riskmanagement.shtml](https://www.jsr.co.jp/jsr_e/sustainability/governance/riskmanagement.shtml)

### Information Security Measures

JSR Group endeavors to manage information in an appropriate and secure manner by establishing Information Security Policy and by thoroughly disseminating the policy to its employees. Having established an Information Security Policy, JSR Group is working on the appropriate management of information by making this policy known to all employees. In August 2019, we established the Cybersecurity Management Office as the department in charge. We are working alongside outside experts on information security management including Group companies, employee training and education, and strengthening our response capabilities to cyberattacks or other incidents.

In FY2014, we published the Information Security Handbook so as to further increase employee sensitivity toward information leakage risks and to ensure their actions are in compliance with company rules at all times. We make employees aware of this handbook through our company intranet, e-learning, and workplace discussions.

In FY2022, using a ransomware attack as a scenario, we conducted a cyberattack response drill targeting members of HQ response team, including the President.


### Crisis Management

JSR has formulated BCM procedures that summarize the BCM/BCP systems in place for both peacetime and emergency situations. In addition to defining the BCM organization and the actual BCP, which includes stipulations on target recovery times, and BCP activation and cancellation standards, these procedures also set out the organizational structure that takes effect during activations of the BCP, and corresponding priority businesses and operations.

## Communication with Stakeholders






### Examples of Communication with Stakeholders

Stakeholder	JSR Group's Responsibility	Main Methods / Opportunities for Dialogue
Customers / Business Partners	<ul style="list-style-type: none"> <li>Never cease to challenge changes and evolve, to support the diverse material needs of the ever-changing times.</li> <li>Aim for sustainable improvement of customer satisfaction.</li> <li>Approach all business partners with sincerity, and always continue maintaining fair and equitable business relations.</li> <li>Continue considering the environment and society in supply chains.</li> </ul>	<p><b>Customers</b></p> <ul style="list-style-type: none"> <li>Providing information through SDS (safety data sheet), website, etc.</li> <li>Quality Assurance Support</li> <li>Implementation of customer satisfaction surveys</li> <li>Support of CSR surveys from customers</li> <li>Communication through business activities, such as evaluations from customers</li> <li>Received letter of appreciation from the Ministry of Health, Labour and Welfare for MBL's efforts to boost production of COVID-19 antigen test kits</li> </ul> <p><b>Business Partners</b></p> <ul style="list-style-type: none"> <li>Communication through purchasing activities such as Partner Awards</li> <li>Support of CSR surveys from business partners</li> <li>Distribution of JSR Group Human Rights Policy and CSR Procurement Policy</li> <li>Establishment of supplier hotline</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Evaluate each employee based on fair standards.</li> <li>Provide opportunities for employees to constantly challenge themselves.</li> <li>Continue providing opportunities for employees to mutually recognize each others' personalities and diversity, and to flourish together.</li> </ul>	<ul style="list-style-type: none"> <li>Labor-Management council</li> <li>Work interviews/Self-declaration</li> <li>Commendation system</li> <li>Employee awareness survey and employee engagement survey</li> <li>Various training programs (stratified education, technical training, etc.)</li> <li>Activities to promote sustainability and DE&amp;I</li> </ul>
Local / Society	<ul style="list-style-type: none"> <li>As a responsible member of local society, continue carrying out business activities that take the environment and safety into consideration (Responsible Care).</li> <li>Continue providing environment-conscious products that support the needs for global environmental conservation, including reduction of local environmental burdens.</li> <li>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.</li> <li>Continue actively contributing to the preservation of biodiversity through business activities.</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement sessions and plant tours</li> <li>Volunteer activities in the community</li> <li>Increased ratio of eco-friendly products</li> <li>Promotion of environmental conservation activities</li> <li>Utilization of green spaces at our plants/research centers</li> </ul>
Shareholders / Investors	<ul style="list-style-type: none"> <li>Create business opportunities through materials and aim to expand corporate value.</li> <li>Constantly improve management efficiency.</li> <li>Become a company that is trusted by shareholders, through highly-transparent and robust corporate management.</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Management Policy Briefing, financial results briefing, individual meetings with investors and analysts</li> <li>Publication of JSR Report (Integrated Report)</li> <li>Publication of corporate governance report</li> <li>Provision of information through websites (IR section and sustainability section of corporate website)</li> </ul>

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

### List of Main Evaluations (As of July 1, 2023)

JSR Group's sustainability activities have been highly praised and selected for various ESG indices. We were also awarded a Gold Medal from Ecovadis, which provides environmental and social assessment services in the supply chain.

FTSE Blossom Japan Index	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.	 
FTSE4Good	Since 2004 we have been selected by FTSE Russell as a constituent of the FTSE4Good Index Series.	
MSCI Japan ESG Select Leaders Index and MSCI ESG Leaders Indexes	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.	
MSCI Japan Empowering Women Index (WIN)	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.	

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.