

# 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 JSR Group Risk Management Regulations and established the Risk Management Committee through which it actively pursues risk management activities.

## ● Risk Management System

JSR Group has established the 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 risk factors and supporting the formulation of policies for responding to such risks and the planning and execution of risk management plans by related departments in charge. For important risk factors that were identified, the progress of countermeasures is reported to the Sustainability Promotion Committee and the Board of Directors.

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.

## ● Identifying Risks and Selecting Important Risk Factors

At JSR Group, each division of JSR Group companies in and outside of Japan identifies risks on a regular basis under the initiative of the Risk Management Committee. In addition, we strive for comprehensive risk management, including significant latent risks, by coordinating the operational risks identified from the bottom up by all departments with risks related to management strategy and the foundation of business continuity identified by the management.

Identified risks are categorized by their level of business impact and frequency of occurrence using a risk map. Moreover, we identify risks that could have a significant impact on business continuity and organize them into the JSR Group Important Risk Factors. In addition, we have designated a responsible department to take the lead in planning and implementing countermeasures for Important Risk Factors, while the Risk Management Committee conducts risk management by checking the progress of the measures as appropriate.

## ● JSR Group Sustainability Report 2024 Risk Management Measures

Under the initiative of the Risk Management Committee, JSR Group identifies risks from every business segment in and outside of Japan, and engages in comprehensive risk management that includes the perspective of management. These risks are assessed in terms of their degree of impact and frequency of occurrence, while the department in charge plans and implements countermeasures against the JSR Group Important Risk Factors. Meanwhile, the Risk Management Committee checks the progress of these countermeasures as necessary.

Moreover, JSR Group has established the JSR Group Risk Management Regulations that define the overarching organization and operational structure of BCM/BCP for both normal times and emergencies, and the protocol for activating and canceling the BCP.

JSR has established a system to ensure business continuity through safety measures such as seismic reinforcement of high-pressure gas facilities in preparation for large-scale earthquakes and tsunamis, systematic implementation of various disaster drills, and safety assurance of employees and damage control during disasters including infectious disease outbreaks.

## ● Information Security Measures

JSR Group endeavors to manage information in an appropriate and secure manner by establishing the Information Security Policy and by thoroughly disseminating the policy to its employees. In addition, we conduct drills assuming actual damage. In 2024, we engaged in response drills to cyberattacks and prepared guidelines for these threats.



[Please refer to Risk Management for more details.](#)