

## Corporate Governance Report

Last Update: July 2, 2021

**JSR Corporation.**

President & Representative Director, COO

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The corporate governance of JSR Corporation (the “Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

It is the JSR Group's goal 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 members. 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 a lead independent outside director respectively, and the introduction of three types of performance-based remuneration for directors other than outside directors covering short, medium and long term.

JSR has three (3) audit & supervisory board members, of which two (2) are independent outside audit & supervisory board members with extensive experience and expertise (currently one is a lawyer and the other is a certified public accountant qualified as a certified public tax accountant as well) and thereby has strengthened their functions in monitoring and overseeing management. Additionally, the Company has strived to ensure and improve the effectiveness of internal control by systematically conducting internal audits through an organization (“Corporate Audit Department”) specialized in internal audit which is independent from business divisions and reporting directly to the CEO (Chief Executive Officer) and the president, by strengthening collaboration between the Corporate Audit Department and audit & supervisory board members and by instituting a reporting system whereby important issues are reported by directors and employees to the audit & supervisory board members when deemed necessary.

JSR will continue focusing on the enhancement of corporate governance as an important management challenge.

## [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

JSR has complied with all of the Principles of the Corporate Governance Code

## [Disclosure Based on the Principles of the Corporate Governance Code] Updated

### [Principle 1-4] Cross-shareholdings

#### (1) Policies for holding listed shares as cross-shareholdings

- 1) JSR holds listed shares as cross-shareholdings\* only after comprehensively reviewing the rationality of holding such shares in the light of business management strategies and economics of such shareholdings while it has been reducing cross-shareholdings when holding such shares has become irrational.
- 2) The Board of Directors periodically reviews the status and the policies for holding individual cross-shareholdings by taking such factors into consideration as the purpose of holding, potential risk and expected return, and cost of capital required for holding such individual shares.

Number of issues of cross holding shares of listed companies held by the Company and number of issues of which shares increased or decreased during the fiscal year are as follows;

	FY ending Mar 2020	FY ending Mar 2021
Total number of issues	19	18
Number of issues of which shares increased during the fiscal year	1	1
Number of issues of which shares decreased during the year	10	6

#### (2) Policies for exercising voting rights

When exercising voting rights of cross-shareholdings, JSR comprehensively determines to vote for or against their proposals after reviewing whether or not their corporate governance system and proposals will contribute to the improvement of their corporate value over the medium and long-term.

\*Cross-shareholding: There are cases where listed companies hold the shares of other listed companies for reasons other than pure investment purposes, for example, to strengthen business relationships. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.

### [Principle 1-7] Transactions with related parties

- (1) In accordance with the Companies Act and JSR's "Regulations of the Board of Directors", JSR has obtained the Board of Directors' prior approval for competitive and conflict-of-interest transactions and reported important facts regarding such transactions to the Board of Directors after completion.
- (2) In accordance with applicable laws and regulations, JSR has disclosed the outline of transactions with related parties in notes to consolidated financial statements of the Securities Report and notes to non-consolidated financial statements of the ordinary general meeting of shareholders.
- (3) JSR has been determining the terms and conditions for the transactions with major shareholders by negotiating prices considering market conditions in the same way as it deals with third parties.

### [Principle 2-6] Corporate Pension Funds as Asset Owners

- (1) With regard to management of JSR Pension Fund (the "Fund"), the Fund appoints general manager of Finance Department of JSR as its managing officer responsible for management of the Fund as well as receives appropriate advices from an outside advisor highly specialized in this field. Asset Management Committee of the Fund, consisting of members of Finance Department including officer in charge and

members of the Fund including its chief director, each of whom having sufficient knowledge and expertise in pension fund management, periodically monitors and discloses the status of fund management to the beneficiaries of the Fund and the minutes of the committee meeting.

- (2) There is no concern over the conflicts of the interest between the Company and the beneficiaries of the Fund because;
- 1) the board of the representatives of the Fund, a half of which consists of leading members of the labor union representing the beneficiaries, makes material decisions on asset management, based on the deliberations of Asset Management Committee, and
  - 2) the leading members of the labor union periodically participate in the audit of fund management acting as auditing officers.

**[Principle 3-1 (i)] Disclosure of corporate mission and business plan**

- (1) JSR sets its corporate mission as follows:

Materials Innovation: We create value through materials to enrich society, people and the environment.

- (2) JSR has, for the purpose of achieving its corporate mission, established group-wide management policies consisting of two basic components; “Fundamental Pillars of Management” representing general policies for ensuring sustainable growth and “Responsibility to Our Stakeholders” representing JSR’s commitment as a good corporate citizen.

For details of the corporate mission and management policies, "the JSR Group’s Essential Elements", please visit the following site:

[https://www.jsr.co.jp/jsr\\_e/company/mission.html](https://www.jsr.co.jp/jsr_e/company/mission.html)

- (3) In FY ending March 2021, the announcement of the new med-term business plan had been postponed due to the worldwide spread of the COVID-19, but after that the Company formulated and disclosed a new med-term management policy. The vision of the policy is to create value for all stakeholders with the aim of achieving sustainable growth and to create a resilient organization that adapts to all environmental changes. The policy positions the Semiconductor Business and the Life Sciences Businesses as strategic growth drivers and aims to achieve ROE of at least 10% and core operating income of at least JPY 60 billion by FY ending March 2025.

For details of the Medium-Term Management Policy, please refer to:

[https://ssl4.eir-parts.net/doc/4185/ir\\_material\\_for\\_fiscal\\_ym5/97981/00.pdf](https://ssl4.eir-parts.net/doc/4185/ir_material_for_fiscal_ym5/97981/00.pdf)

**[Principle 3-1 (ii)] JSR’s basic approach towards and policy on corporate governance**

- (1) Basic policy

- 1) It is the JSR Group's goal 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 values with the hope of becoming an attractive corporation that can earn the trust of and satisfy the interests of all our stakeholders.
- 2) The Company therefore has been and will continue focusing on the enhancement of corporate governance as an important management challenge.

- (2) Corporate governance structure

- 1) 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 members.
- 2) JSR has continuously strengthened the function of management supervision, improved efficiency in decision making and execution of business duties, and enhanced the transparency and soundness of business management through the introduction of an officer system and the appointment of outside directors and audit & supervisory board members, who are independent from the Company and have extensive business experience and a high level of expertise.
- 3) The Board of Directors established JSR's corporate mission and makes important decisions including those of the Company's business strategies.
- 4) The Board of Directors developed an environment where management can take appropriate risks and demonstrate entrepreneurship through the introduction of a performance-based director remuneration framework.
- 5) The Board of Directors supervises directors and management through the assessment of business performance and appointment of directors.
- 6) The current Board of Directors consists of nine (9) directors, four (4) of whom are independent outside directors with vast experience and extensive expertise in management of corporations and businesses. In the future, the Company will elect 1/3 (one third) or more independent outside directors with similar expertise in order to increase corporate value and oversee business management.
- 7) The current Audit & Supervisory Board consists of three (3) audit & supervisory board members, two (2) of whom are independent outside audit & supervisory board members with extensive and sophisticated expertise (one is a lawyer and the other is a certified public accountant qualified as a certified public tax accountant as well). In the future, the Company will elect two independent outside audit & supervisory board members with vast experience and extensive and sophisticated expertise in such fields as law, accounting, and etc., to effectively audit the execution of duties by directors and the management.
- 8) JSR established the Remuneration Advisory Committee of which majority members are independent outside directors and the chair of which is a lead independent outside director in order to ensure the objectivity and transparency of its directors' remuneration framework. The committee deliberates the basic policy of remuneration, the remuneration structure, the mechanism of a performance-based remuneration, the setting of targets, and assessment of performance, and submits its findings to the Board of Directors.
- 9) JSR set basic policies on remuneration of directors as follows: the remuneration framework should increase corporate value over the medium and long-term, attract diverse and superior personnel, be linked to short-term, medium-term and long-term business performance, have management and shareholders share profits, and ensure high transparency. Remuneration for directors consists of a fixed basic remuneration, an annual bonus linked to the attainment level of business performance in each fiscal year, a performance-related stock remuneration to be granted after the applicable period (hereinafter referred to as "Performance Share Units"), and restricted stock shares as remuneration designed to facilitate earlier sharing of corporate values between directors and the shareholders of the Company. In light of their roles, remuneration for outside directors and audit and supervisory board members consists of basic remuneration only.
- 10) JSR established the Nomination Advisory Committee of which majority members are independent outside directors and the chair of which is a lead independent outside director to ensure the transparency of the policy and procedures of nominating candidates for directors. The committee deliberates criteria for the size, diversity in breadth of knowledge, experience, and capability necessary for the Board of Directors as well as criteria and procedures for nominating and/or identifying candidates for future appointment as CEO and/or the president, directors, officers with directorship status (including senior officers), and audit & supervisory board members, and submits its findings to the Board of Directors. In order to ensure transparency of the deliberation, the committee takes such necessary measures as discussion solely among outside independent directors for the agenda relating to

appointment/reappointment or dismissal of CEO and/or the president. The committee, through its active involvement in the selection process, systematically develops and selects candidates for the successor to CEO and/or the president in an objective and transparent manner by providing the pool of candidates with necessary training and coaching.

(3) Relationship with stakeholders

- 1) JSR established “Responsibility to Our Stakeholders” (responsibility to customers, business partners, employees, society, and shareholders) as one of the important pillars of its management policies in order to express its commitment to its stakeholders.
- 2) JSR appropriately responded to issues related to sustainability, such as social and environmental issues and also promoted measures to secure diversity including those for encouraging greater participation of female employees.

For details of JSR’s Sustainability report, please visit the following site:

[https://www.jsr.co.jp/jsr\\_e/csr/](https://www.jsr.co.jp/jsr_e/csr/)

- 3) To fulfill its commitment to its stakeholders as stated in its “Responsibility to Our Stakeholders”, the JSR Group established “the JSR Group Principles of Corporate Ethics” as a code of conduct for its directors and employees and endeavored to ensure the code is thoroughly communicated to, and understood and observed by all directors and employees.

(4) Securing the rights and equal and equitable treatment of shareholders

- 1) JSR has continued to develop an environment where shareholders can appropriately exercise their voting rights at the ordinary general meeting of shareholders.
- 2) JSR will continue to implement the following measures: holding an ordinary general meeting of shareholders earlier than other companies (in the middle of June each year); disclosing the contents of the notice of convocation via internet prior to the date of dispatching such materials; introducing an electronic voting platform via the Internet, etc.; participating in the electronic voting platform for institutional investors; enhancing contents of the convocation notice; and translating the convocation notice into English, etc.

For details of materials prepared for its ordinary general meeting of shareholders, please visit the following site: [https://www.jsr.co.jp/jsr\\_e/ir/library/shareholder.html](https://www.jsr.co.jp/jsr_e/ir/library/shareholder.html)

- 3) JSR will explain its basic idea on its capital policies to shareholders. Especially in the case of those policies that may undermine the interests of existing shareholders, such as introducing takeover defense measures, MBO, and increase in capital stock, etc., the Company is determined to sufficiently examine their necessity and rationality and to take appropriate procedures to ensure sufficient explanation to shareholders.
- 4) JSR holds listed shares as cross-shareholdings only after comprehensively reviewing the rationality of holding such shares in the lights of business management strategies and economics of such shareholdings while it has been reducing cross-shareholdings when holding such shares has become irrational. The Board of Directors periodically reviews the status and the policies for holding individual cross-shareholdings by taking such factors into consideration as the purpose of holding, potential risk and expected return, and cost of capital required for holding such individual shares. When exercising voting rights of cross-shareholdings, the Company comprehensively determines to vote for or against their proposals after reviewing whether or not their corporate governance system and proposals will contribute to the improvement of their corporate value over the medium and long-term.

(5) Capital policy

- 1) While prioritizing growth investment to continuously create corporate value, JSR has been aiming at providing appropriate returns to shareholders, including combination of dividends and treasury stock acquisitions, by taking into account its business performance and medium and long-term capital requirements.

- 2) JSR has been managing its businesses bearing the cost of capital in mind by using the cost of capital as reference for decisions for investment and evaluation of the businesses and by introducing ROI target as a reference to determine performance-linked remuneration to the directors other than outside directors and to the officers of the Company. The Company has been and will be continuously endeavoring to improve capital efficiency indices, such as ROE and ROIC.

(6) Dialogue with shareholders

- 1) JSR has been promoting constructive dialogue with shareholders in the following manner.
  - a JSR appoints an officer in charge of IR. CEO, the president or the officer in charge of IR explains business performance, financial positions, and the details and progress of the mid-term business plan at the quarterly analyst meeting and mid-term business plan explanatory annual meeting for institutional investors.
  - b Every year, CEO, the president or the officer in charge of IR holds interviews with institutional investors in Japan and overseas to explain the above matters.
  - c Opinions and questions that JSR receives from investors through the above-mentioned dialogues are periodically fed back to management.
- 2) In dialogues with shareholders, JSR has strived to appropriately treat insider information.

(7) Information disclosure policy

- 1) JSR established its information disclosure policy and prepared organizations and systems for information disclosure. The Company has strived to ensure prompt, accurate, active and fair disclosure of information by establishing a company-wide cooperative framework to improve the quality of information disclosure.
- 2) With the aim of actively providing company information to shareholders and investors, JSR has been posting such information on its website as corporation information including business performance, financial position, and details of main businesses, sustainability promotion activity including CSR information such as efforts to conserve the environment and responsible care (RC), and research and development (R&D) activities.

**[Principle 3-1 (iii)] Policy and procedures to decide remuneration for management and directors**

JSR established the Remuneration Advisory Committee of which majority members are independent outside directors and the chair of which is a lead independent outside director to ensure the objectivity and transparency of its directors' remuneration framework. The Remuneration Advisory Committee deliberates the basic policy of remuneration, the remuneration structure, the mechanism of a performance-based remuneration, the targets, and assessment of performance, and submits its findings to the Board of Directors.

For details, please refer to II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods on page 20 of this Corporate Governance Report in English.

**[Principle 3-1 (iv)] Policy and procedures to nominate candidates for director and audit & supervisory board member**

(1) Nomination Advisory Committee

- 1) JSR established the Nomination Advisory Committee of which majority members are independent outside directors and the chair of which is an independent outside director to ensure the transparency of the policy and procedures of nominating candidates for directors, audit & supervisory board member and officers with directorship status (including senior officers). At the committee, any of the members is not eligible for voting in the agenda in which such member has special interest.
- 2) 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 submits its findings to the Board of Directors.

- 3) The committee systematically develops and selects candidates for the successor to CEO and/or the president in an objective and transparent manner by providing the pool of candidates with necessary training and coaching to enhance skills and leadership and by actively participating in selection process through interviews etc.
- 4) CEO and/or the president submit to the committee an annual report on management activities including a broad range of strategic ones. Based on the report, the committee assesses the business result and performance of CEO and/or the president and advises the Board of Directors whether or not improvement in management quality is necessary.
- 5) The committee will deliberate and report to the Board of Directors in a timely fashion when the committee judges there arises a reason that necessitates dismissal of directors including CEO. In order to ensure transparency of the deliberation, the committee takes necessary measures as deliberation solely among outside independent directors for the agenda relating to appointment/reappointment or dismissal of CEO.
- 6) Upon receipt of the aforementioned annual management activities report and based on the business result and performance evaluation of CEO and/or the president as well as business circumstances and economic outlook, etc., the committee annually deliberates and judges appropriateness of the appointment, dismissal of CEO and/or the president and terms of office.

(2) Criteria for nominating candidates for directors

- 1) 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 appropriate and timely fashion.
- 2) JSR nominates persons who are mentally and physically sound and have an exceptional personality and popularity, and high principles and ethical view.
- 3) Candidates for inside directors: JSR nominates persons who have extensive knowledge, experience, and high capability with a superior track record in such fields as business management (including global one), R&D, manufacturing, manufacturing technology, human resources, and finance and accounting, etc.
- 4) Candidates for outside directors: JSR nominates persons who have independence, vast experience and extensive expertise of management of the major companies in various fields and of business management both in Japan and overseas as well as the capability to actively express opinions and raise issues on growth strategy and enhancement of governance from a broad perspective.

(3) Criteria for nominating candidates for audit & supervisory board member

- 1) 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 nominates 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.
- 2) 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.

**[Principle 3-1 (v)] Reasons for nominating individual candidates for director and audit & supervisory board member**

For details of the reasons for nominating individual candidates for outside directors and audit & supervisory board members, please refer to the materials for the ordinary general meeting of shareholders and II. 1. [Directors] and [Audit & Supervisory Board Member] of this Corporate Governance Report.

JSR has been disclosing the reasons for nominating candidates for inside directors and audit & supervisory board members in the reference materials attached to the notice of convocation of ordinary general meeting of shareholders.

**[Supplementary Principle 4-1-1] Scope of the authorization for management**

- (1) The Board of Directors shall make decisions on issues, in addition to those treated as a prerogative of the Board of Directors by laws and regulations and the articles of incorporation, of the following important ones prescribed in “JSR’s Regulations of the Board of Directors”.
  - 1) Issues related to an ordinary general meeting of shareholders
  - 2) Issues related to directors and officers
  - 3) Issues related to financial results
  - 4) Issues related to stocks and corporate bonds
  - 5) Issues related to fundamental management initiatives, management policies, and business plans
  - 6) Issues related to important operations (according to the amount criteria, etc.)
- (2) For the issues other than the above, the Company delegates decision making authorities to persons listed below in accordance with its “Regulations on Decision Making Authority” depending upon nature and importance thereof;
  - 1) Decision by CEO or the president after deliberation at the Executive Committee.
  - 2) Decision by CEO or the president
  - 3) Decision by an officer in charge
  - 4) Decision by a head in charge of business department

**[Principle 4-9] Criteria for judging the independence of independent outside directors**

JSR has set its original criteria for judging the independence of independent outside directors and audit & supervisory board members. For details, please refer to II. 1. [Independent Directors/Audit & Supervisory Board Member] (Matters relating to Independent Directors/Audit & Supervisory Board Member) of this Corporate Governance Report.

**[Supplementary Principle 4-11-1] Concept of capability and diversity of the Board of Directors as a whole**

With the aim of overseeing important management decision making and the execution of duties in appropriate and timely fashion in order to increase corporate value over medium and long-term, JSR considers it important that the Board of Directors as a whole effectively utilize both i) the extensive knowledge, experience and high capability in such fields as business management (including those of global businesses), R&D, manufacturing, manufacturing technology, human resources, and finance and accounting, etc. held by inside directors and ii) vast experience and extensive expertise of management of the companies in various fields and business and management both in Japan and overseas, and capability to actively express opinions and raise issues on growth strategy and enhancement of governance from a broad perspective held by independent outside directors and that the Board of Directors thus ensures such diversity in knowledge, experiences and skills as the Board of Directors deems fit and necessary.

In order to cope with the drastic changes in business circumstances such as globalization, advance in Information Technologies and digitalization, the Company appointed, upon resolutions of AGM and BOD, the first non-Japanese CEO stationed in the US and responsible for global business management of the Company and the COO and President stationed in Japan and supporting the CEO in FY ending March 2020. At the AGM held on June 17, 2020, a proposal for the election of a female director from within the Company was approved, and at the AGM held on June 17, 2021, a proposal for the election of a foreign-registered outside director, who has been engaged in global management, business transformation and expansion as a partner of an investment company that invests over the long term, and as a director of an investee company, was approved.



JSR will continue to ensure the sufficient diversity in knowledge, experience, and capability that are essential for the Board of Directors and maintain its optimum size but not exceeding 12 people in accordance with the deliberation to be made by the Nomination Advisory Committee and with its business strategies in the future.

**[Supplementary Principle 4-11-2] Positions concurrently held by directors and audit & supervisory board members**

- (1) Outside directors and audit & supervisory board members had a high attendance rate (100%) at Board of Directors and Audit & Supervisory Board meetings and spared sufficient time to perform their roles and duties since they understood the schedule of the Board of Directors and the Audit & Supervisory Board meetings before assuming their office and received notice of the meeting well in advance after assuming their office.
- (2) Regarding the positions concurrently held by the directors and audit & supervisory board members, please refer to II. 1 [Directors] Outside Directors' Relationship with the Company (2) as well as the business report attached to the notice of convocation of ordinary general meeting of shareholders.

**[Supplementary Principle 4-11-3] Analysis and evaluation on the effectiveness of the Board of Directors**

The Board of Directors of the Company has been conducting an evaluation of its effectiveness in order to maximize corporate value of the Company by enhancing its effectiveness. The following is the summary of the results of the board effectiveness evaluation in FY ending March 2021.

1. Overview of Evaluation Results

1) Evaluation process

We have conducted a questionnaire survey targeting our company's nine directors (including three independent outside directors) as well as three audit & supervisory board members (including two independent outside auditors). We have evaluated and analyzed the results of the evaluation by setting up discussion sessions at the Board of Directors meetings several times to discuss the results of the questionnaire as well as the comments expressed in the questionnaire. To improve objectivity in the FY ending March 2021 evaluation process, we have hired a third party that has expertise in the fields of interviewing the Representative Director / CEO and the Representative Director / COO, analyzing and evaluating the results of the questionnaire as well as reporting those results to the Board of Directors.

2) Conclusion

We have reached the conclusion that "our company's Board of Directors is functioning effectively."

3) Primary reasons why we have come to the conclusion that our company's Board of Directors is functioning effectively

- Our company's Board of Directors comprises inside and outside directors as well as audit & supervisory board members. The board has the right composition in terms of diversity (e.g. nationality, gender, etc.). The Board of Directors is functioning as a meeting structure to encourage discussions on improving the mid-to long-term corporate value as well as the supervision of operations execution while the members of the board are making use of their experiences and knowledge respectively.
- To run the Board of Directors, significant management challenges, risks, etc. are brought up for discussion in a timely manner, and sufficient information is provided to outside board members prior to board meetings so that they can participate in free and lively discussions that will take place during the board meetings.
- The Nomination Advisory Committee and the Remuneration Advisory Committee have the adequate composition respectively, and the members of these committees adequately report the results of their discussions to the board after having sufficient discussions while ensuring independence and objectivity. By doing so, these two committees reinforce the supervisory functions of the Board of Directors.
- The Board of Directors considers that communicating with investors and shareholders is their significant role and responsibility. The board strives to reflect capital market expectations in the company's operations as well as the performance of their duties and to maximize corporate value by having

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

#### 4) Important points that we should take note of in the results of the evaluation

The board members made comments, proposals, or pointed out problems on almost all the evaluation items when answering open-ended questions in the questionnaire. The following are the key points that they have made in this year's survey.

(Excellent points)

(1) Outside directors account for more than a third of the board. The director from a different country and the female director are members of the board. The composition of our Board of Directors is adequate in terms of the balance between knowledge, experience, and capability as well as diversity.

(2) The board members have a common understanding of the significant management challenges (implement growth strategies, carry out structural reforms, etc.) and business environment risks (trends in environmental problems, geopolitical risks, etc.) and are having sufficient discussions on those challenges and risks at board meetings.

(3) Outside directors and audit & supervisory board members have a collaboration system in place outside the Board of Directors. They communicate with each other and prepare for discussions that will take place during board meetings.

(Points that require improvement)

(1) To further promote digital transformation across the entire JSR Group, we need a person who has expertise in the IT and digital fields. It is preferable to appoint someone who has management experience in the relevant fields as outside director. It is also preferable for us to continue discussions on the composition of the board, for example changing its composition so that the board will have more outside directors (= a higher percentage of outside directors).

(2) To further deepen discussions in board meetings, we need to reinforce our support system for outside directors by giving them more opportunities for training, education, and provision of information on JSR Group's businesses.

(3) It is desirable that the Remuneration Advisory Committee continuously review and revise the remuneration system from a global standpoint.

(4) Since the Board of Directors deeply realizes the importance of sustainability management, they need to further discuss specifically what types of activities they should promote to support the sustainability management.

## 2. Future activities

The Board of Directors will discuss the following significant challenges that they have confirmed while evaluating the effectiveness of the board as well as the changes in external environment (environmental problems and geopolitical risks such as the US-China relations, etc.) that have an impact on the challenges. The board will also monitor the progress of the activities that have been implemented to address these challenges while also identifying the changes in roles and qualities necessary for the Board of Directors, and continuously reviewing and revising the composition of the board and its discussion topics.

(Significant management challenges)

(1) Establish a resilient business structure and reinforce the management system so that the company can respond to changes in business environment.

(2) Implement growth strategies for the company's core businesses, the semiconductor and life sciences businesses.

(3) Carry out the structural reforms of the elastomer business.

(4) Address challenges to achieve sustainable business growth (e.g. carbon neutrality).

(5) Continue to invest in innovations including digital transformation.

**[Supplementary Principle 4-14-2] Policy for training directors and audit & supervisory board members**

- (1) JSR provides newly elected officers—future candidates for directors—with opportunities to participate in outside seminars for newly elected directors.
- (2) JSR provides newly elected outside directors and audit & supervisory board members with opportunities to participate in the introduction education and factory and research institute tours to deepen their understanding of the Company and its businesses.
- (3) When a Board of Directors meeting is held, JSR regularly picks up key issues closely related to its businesses as “A Specific Theme for Review and Discussion” and thereby provides an opportunity to exchange opinions on such themes. This opportunity helps directors and audit & supervisory board members not only deepen their understanding of the Company’s business challenges but also promote communication between board members.
- (4) JSR holds regular seminars by outside lecturers prior to the ordinary general meeting of shareholders to review the status of corporate governance in general and legal reforms.

**[Principle 5-1] Policy on constructive dialogue with shareholders**

JSR has implemented the following measures to promote constructive dialogue with shareholders and investors.

- (1) An officer, who is responsible for Finance Department and Corporate Communications Department, takes charge of IR activities and the Finance Department and the Corporate Communications Department jointly assist dialogue with investors.
- (2) JSR holds an analyst meeting every quarter and a mid-term business plan explanatory meeting every fiscal year. In such meetings, CEO, the president or an officer in charge of IR explains business performance, financial position, details and progress of the mid-term business plan to analysts.
- (3) Every year, CEO, the president or an officer in charge of IR holds interviews with major institutional investors in Japan and overseas to explain the details and progress of the mid-term business plan.
- (4) JSR has been endeavoring to provide investors with the Company information on its website such as, financial statement, that on mid-term business plans and progress thereof and on details of business performance of main businesses, as well as that on sustainability promotion activity including responsible care or efforts to conserve the environment, and that on R&D activities.
- (5) Opinions and questions that JSR receives from investors through the above-mentioned dialogues are fed back to management as IR activities reports.
- (6) In dialogues with shareholders, JSR has appropriately treated insider information (setting a silent period 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).

**2. Capital Structure**

Foreign Shareholding Ratio	More than 30%
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**[Status of Major Shareholders]** Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	20,216,300	9.41
STATE STREET BANK AND TRUST COMPANY 505010	18,835,900	8.76
Custody Bank of Japan, Ltd. (trust account)	12,478,800	5.81
GOLDMAN SACHS & CO. REG	10,115,885	4.71
MSCO CUSTOMER SECURITIES	6,696,056	3.12
Bridgestone Corporation	6,525,160	3.04
Nippon Life Insurance Company	3,716,586	1.73
Morgan Stanley MUFG Securities Co., Ltd.	3,692,377	1.72
Meiji Yasuda Life Insurance Company	3,631,110	1.69

Custody Bank of Japan, Ltd. (trust account 7)	3,461,100	1.61
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Controlling Shareholder (except for Parent Company)	none
Parent Company	none

Supplementary Explanation	<u>Updated</u>
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Shareholding percentage is calculated by using 214,902,810 shares as a denominator which arrives from total issued shares (226,126,145) less treasury shares (11,223,335).

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (“TSE”) First Section
Fiscal Year-End	March
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion /
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

n.a.
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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

<u>Updated</u>
n.a.

## II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1
Chairperson of the Board <span>Updated</span>	Other Director
Number of Directors	9
Number of Outside Directors <span>Updated</span>	4
Number of Independent Directors <span>Updated</span>	4

Outside Directors' Relationship with the Company (1)	<span>Updated</span>
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Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yuzuru Matsuda	From another company								△				
Shiro Sugata	From another company								△				
Tadayuki Seki	From another company								△				
David Robert Hale	From another company												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a Executive of the Company or its subsidiaries

b Non-executive director or executive of a parent company of the Company

c Executive of a fellow subsidiary company of the Company

d A party whose major client or supplier is the Company or an executive thereof

e Major client or supplier of the listed company or an executive thereof

f Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board member

g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i Executive of a company, between which and the Company outside directors/audit & supervisory board member are mutually appointed (the director himself/herself only)

- j Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k Others

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yuzuru Matsuda	Independent Director	<p>(1) Mr. Matsuda meets the independence standards set forth by Tokyo Stock Exchange and the "Criteria for judging independence of outside directors and audit &amp; supervisory board members", as set forth in "Matters relating to Independent Directors/Audit &amp; Supervisory Board Member" in this report. Accordingly, JSR has determined there is no risk of conflict of interest with general shareholders and has designated him as an independent director.</p> <p>(2) There are some ongoing transactions involving the collection of royalty between the group companies of Kyowa Hakko Kirin, Co., Ltd. (currently known as Kyowa Kirin Co., Ltd. and where Mr. Matsuda served as President and Chief Operating Officer) and those of JSR Corporation. The value of such transactions amounts to less than 0.1% of JSR's consolidated net sales for the business year ending in March 2021.</p>	<p>Mr. Matsuda served as the President and Chief Operating Officer of KYOWA HAKKO KOGYO CO., LTD and Kyowa Hakko Kirin, Co., Ltd (currently known as Kyowa Kirin Co., Ltd.) as well as an Advisor to Kyowa Hakko Kirin.</p> <p>He has vast experience in corporate management for global companies especially in the field of medical products and biochemical. He also possesses the independent perspective as outside personnel.</p> <p>He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value.</p> <p>He is, therefore, appointed again as an outside director in the expectation that he will continue to make similar contribution.</p>
Shiro Sugata	Independent Director	<p>(1) Mr. Sugata meets the independence standards set forth by Tokyo Stock Exchange and the "Criteria for judging independence of outside directors and audit &amp; supervisory board members", as set forth in "Matters relating to Independent Directors/Audit &amp; Supervisory Board Member" in this report. Accordingly, JSR has determined</p>	<p>Mr. Sugata served as the Representative Director and President of USHIO INC., and the Corporate Advisor of the company. He also served as Vice Chairman, Executive Director at the Japan Association of Corporate Executives.</p> <p>He has vast experience in the corporate management of global companies especially in the field of optical application products and industrial</p>

		<p>there is no risk of conflict of interest with general shareholders and has designated him as an independent director.</p> <p>(2) There are some ongoing transactions involving the sales of heat resistant transparent resins and entrustment of repair of devices between the group companies of USHIO INC. (where Mr. Sugata served as Representative Director and President, and Corporate Advisor) and those of JSR Corporation. The values of such transaction in the current business year ending in March 2021 amounted to less than 0.1% of JSR Group's consolidated revenue and less than 0.1% of those of USHIO INC. for the previous business year ending in March 2020.</p>	<p>machineries and also has experience obtained through activities in the business community, and possesses the perspectives as an independent outside personnel.</p> <p>He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value.</p> <p>He is therefore appointed again as an outside director in the expectation that he will continue to make similar contribution.</p>
Tadayuki Seki	Independent Director	<p>(1) Mr. Seki meets the independence standards set forth by Tokyo Stock Exchange and the "Criteria for judging independence of outside directors and audit &amp; supervisory board members", as set forth in "Matters relating to Independent Directors/Audit &amp; Supervisory Board Member" in this report. Accordingly, JSR has determined there is no risk of conflict of interest with general shareholders and has designated him as an Independent director.</p> <p>(2) There have been some ongoing transactions involving the sales and purchase of plastics between the group companies of ITOCHU Corporation (where Mr. Seki served as Representative Director and Executive Vice President) and those of JSR Corporation. The values of such transaction in the business year ending in March 2021 amounted to less than 0.5% of JSR Group's</p>	<p>Mr. Seki served as the Representative Director and Executive Vice President at ITOCHU Corporation. He has vast experience in the corporate management of a general trading company which operates a global trading business and possesses the perspectives of independent outside personnel.</p> <p>He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value.</p> <p>He is therefore appointed again as an outside director in the expectation that he will continue to make similar contribution.</p>

		consolidated net sales and less than 0.1% of those of ITOCHU Corporation, respectively, for the previous business year ending in March 2020.	
David Robert Hale	Independent Director	<p>(1) Mr. Hale meets the independence standards set forth by Tokyo Stock Exchange and the “Criteria for judging independence of outside directors and audit &amp; supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit &amp; Supervisory Board Member” in this report. Accordingly, JSR has determined there is no risk of conflict of interest with general shareholders and has designated him as an Independent director.</p> <p>(2) ValueAct Capital Management, L.P ("VAC"), where Mr. Hale serves as a partner, and the Company have no business dealings.</p>	Mr. Hale is a partner of ValueAct Capital Management, L.P ("VAC"), a global investment firm which controls ValueAct Capital Master Fund, L.P. ("VAC Funds"), a shareholder of the Company. He has served on the Board of Directors of several of VAC's portfolio companies, and has extensive experience helping companies manage, transform and grow their businesses. He is expected to contribute his experiences, international understanding and outside and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value. He is, therefore, appointed as an outside director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson	Updated
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Remuneration Advisory Committee
All Committee Members	6	6
Full-time Members	6	6
Inside Directors	2	2



Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside director	Outside director

Supplementary Explanation Updated

(1) Nomination Advisory Committee

- 1) JSR established the Nomination Advisory Committee of which majority members are outside directors and the chair of which is a lead independent outside director in order to ensure the transparency of the policy and procedures of nominating candidates for directors and audit & supervisory board members. At the committee, any of the members is not eligible for voting in the agenda in which such member has special interest.
- 2) The committee deliberates criteria for ensuring the diversity in breadth of knowledge, experience, and capability as well as the size necessary for the Board of Directors, criteria and procedures for the nomination, and candidates for future CEO, the president, directors, officers with directorship status (including senior officers), and audit & supervisory board members, and submits its findings to the Board of Directors.
- 3) The committee systematically develops and selects candidates for the successor to CEO and/or the president in an objective and transparent manner by providing the pool of candidates with necessary training and coaching to enhance skills and leadership and by active involvement in selection process through interviews etc.
- 4) CEO and/or the president submit to the committee an annual report on management activities including a broad range of strategic ones. Based on the report, the committee assesses the business result and performance of CEO and/or the president and advises the Board of Directors whether or not improvement in management quality is necessary.
- 5) The Nomination Advisory Committee will deliberate and report to the Board of Directors in a timely fashion when the committee judges there arises a reason that necessitates dismissal of CEO and/or other directors. In order to ensure transparency of the deliberation, the committee takes necessary measures as deliberation solely among outside independent directors for the agenda relating to appointment/reappointment or dismissal of CEO.
- 6) Upon receipt of the aforementioned annual management activities report and based on the business result and performance evaluation of CEO and/or the president as well as business circumstances and economic outlook, etc., the committee annually deliberates and judges appropriateness of the appointment, dismissal of CEO and/or the president.
- 7) The following are the outlines of the activities of the committee in FY ending March 2021
  - a Composition of the Committee  
In total 6 members consisting of 4 independent outside directors and 2 inside directors. A lead independent director is the chairman of the committee.
  - b Numbers of the meeting, attendance etc.  
The committee held in total 3 meetings in FY ending March 2021 (in April and July 2020 and in January 2021), and all of the members including the chairman attended all of the meetings

(2) Remuneration Advisory Committee

- 1) JSR has established the Remuneration Advisory Committee of which majority members are outside directors and the chair of which is a lead independent outside director in order to ensure the objectivity and transparency of its directors' remuneration framework.
- 2) The committee deliberates the basic policy of remuneration, the remuneration structure, the mechanism of performance-based remuneration, the setting of targets, and the assessment of performance, and submits its findings to the Board of Directors.

- 3) The following are the outlines of the activities of the Committee in FY ending March 2020
- Composition of the committee  
In total 6 members consisting of 4 independent outside directors and 2 inside directors with attendance of a third-party consultant, specialist in this field, as advisor. A lead independent director is the chairman of the committee.
  - Numbers of the meeting, attendance etc.  
In total 7 meetings were held in FY ending March 2021 (in April, June September, November, December 2019 and in February and March 2021), and all of the members including the chairman attended all of the meetings.

#### [Audit & Supervisory Board Member]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Member Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Member	3

#### Cooperation among audit & supervisory board member, independent auditors and Internal Audit Departments

Audit & supervisory board members receive audit plans and reports on the implementation of audits from the independent auditors, exchange opinions on accounting matters as necessary, and discuss them, and then judge the appropriateness of the audit results obtained by the independent auditors. In addition, audit & supervisory board members confirm the balance of inventory and securities in cooperation with independent auditors. Furthermore, audit & supervisory board members regularly receive internal audit plans and reports of internal audit results from the Corporate Audit Department, which is independent from other business divisions and reports directly to CEO and the president, strengthen cooperation with the Corporate Audit Department by exchanging opinions, and establish a framework that facilitates directors and employees reporting to audit & supervisory board members in a timely and appropriate manner. Consequently, audit & supervisory board members audit the execution of duties by directors and enforcement of internal control with a high degree of effectiveness.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Member	2
Number of Independent Audit & Supervisory Board Member	2

#### Outside Audit & Supervisory Board Member's Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hisako Kato	CPA & Tax Accountant													
Junko Kai	Lawyer													

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- a Executive of the Company or its subsidiary
- b Non-executive director or accounting advisor of the Company or its subsidiaries
- c Non-executive director or executive of a parent company of the Company
- d Audit & supervisory board member of a parent company of the Company
- e Executive of a fellow subsidiary company of the Company
- f A party whose major client or supplier is the Company or an executive thereof
- g Major client or supplier of the Company or an executive thereof
- h Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
- i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)
- k Executive of a company, between which and the Company outside directors/ audit & supervisory board member are mutually appointed (the audit & supervisory board member himself/herself only)
- l Executive of a company or organization that receives a donation from the Company (the audit & supervisory board member himself/herself only)
- m Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2)	<b>Updated</b>
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Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hisako Kato	Independent Audit & Supervisory Board Member	<p>(1) Ms. Kato meets the independence standards set forth by Tokyo Stock Exchange and the "Criteria for judging independence of outside directors and audit &amp; supervisory board members", as set forth in "Matters relating to Independent Directors/Audit &amp; Supervisory Board Member" in this report. Accordingly, JSR has determined there is no risk of conflict of interest with general shareholders and has designated her as an independent director.</p> <p>(2) No conflict of interest exists between the Company and either Hisako Kato Accounting Office where Ms. Hisako Kato has important concurrent positions.</p>	<p>Ms. Kato has range of professional knowledge and vast experience on financing and accounting matters as a Certified Public Accountant both in Japan and US and a Certified Tax Accountant by providing necessary and appropriate advices. She has been utilizing her vast experience, knowledge, and sophisticated expertise as well as her viewpoint as an independent outsider to audit the Directors' decision-making and execution of duties as well as to enhance fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company.</p> <p>Therefore, she was appointed again to serve as an outside audit &amp; supervisory board member during the term of her office.</p>

Junko Kai	Independent Audit & Supervisory Board Member	<p>(1) Ms. Kai meets the independence standards set forth by Tokyo Stock Exchange and the “Criteria for judging independence of outside directors and audit &amp; supervisory board members”, as set forth in “Matters relating to Independent Directors/Audit &amp; Supervisory Board Member” in this report. Accordingly, JSR has determined there is no risk of conflict of interest with general shareholders and has designated her as an Independent Director.</p> <p>(2) No conflict of interest exists between the Company and Hamani, Takahashi and Kai Low Office where Ms. Kai has important concurrent positions.</p>	<p>Ms. Kai has a vast legal expertise and experience as a lawyer. She is expected to contribute her vast experience, knowledge, and sophisticated expertise, as well as her viewpoint as an independent outsider, to audit the directors’ decision-making and execution of duties, as well as to enhance fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company.</p> <p>Therefore, she was appointed to serve as an outside audit &amp; supervisory board member.</p>
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#### [Independent Directors/Audit & Supervisory Board Member]

Number of Independent Directors/Audit & Supervisory Board Members	Updated	4 independent directors and 2 independent audit& supervisory board members in total 6
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#### Matters relating to Independent Directors/Audit & Supervisory Board Member

- JSR appoints all of the qualified outside directors and audit & supervisory board members as independent directors and audit & supervisory board members.
- Criteria for judging independence of outside directors and audit & supervisory board members  
JSR has set criteria for judging the independence of outside directors and audit & supervisory board members (hereinafter collectively or independently referred to as “outside officers” or “outside officer”). If an outside officer (including a candidate) falls under any of the following categories, the Company judges such person does not have sufficient independence.
  - Executive (\*1) of JSR or its consolidated subsidiary (JSR Group) or ex-executive
  - Major shareholder of JSR (any shareholder who directly or indirectly holds 10% or more of the voting rights)
  - Executive of a company, etc. that falls under any of the following
    - Major shareholder of JSR
    - Major business partner of the JSR Group (\*2)
    - Major creditor of the JSR Group (\*3)
    - Company, etc. in which the JSR Group holds 10% or more of the voting rights
  - Certified Public Accountant who belongs to an accounting firm that serves as the JSR Group Independent Auditor
  - Expert, such as a consultant, accountant, lawyer, judicial scrivener, or patent agent, etc., who receives a large amount (\*4) of monetary consideration or other property benefits from the JSR Group

- (6) Person who receives a large amount of donations from the JSR Group (\*5)
- (7) Executive of a company, between which and JSR outside directors/audit & supervisory board members are mutually appointed (\*6)
- (8) Person with a close relative (\*7) who falls under any of the above paragraphs from (1) to (7) (limited to an important person (\*8) excluding paragraphs (4) and (5))
- (9) Person who fell under any of the above paragraphs from (2) to (8) in the past five years
- (10) Person who is deemed to have special reasons that would cause a conflict of interest with JSR, notwithstanding the provisions of the preceding paragraphs.
  - (\*1) Executive refers to a director (excluding either an outside director or non-executive director), an officer, an executive officer and an employee.
  - (\*2) Major business partner refers to a company whose annual transactions with the JSR Group exceed 2% of the consolidated sales of JSR or such company.
  - (\*3) Major creditor refers to a financial institution or other major creditor which is relied upon by the JSR Group to such an extent that it is indispensable and irreplaceable to financing of the JSR Group.
  - (\*4) A large amount refers to: 10 million yen or more per year in case such expert is an individual; and 2% or more of annual total revenue of such organization in case such expert is an organization such as an enterprise or association. However, when a consideration for services directly offered by such expert exceeds 10 million yen, even if the amount does not exceed 2% of consolidated total assets of JSR or such financial institution, such amount is considered to be a large amount.
  - (\*5) Person who receives a large amount of donations refers to a person who receives donations of 10 million yen or more per year from the JSR Group.
  - (\*6) Mutually appointed relationship refers to a relationship in which an executive of the JSR Group serves as an outside officer of a company and an executive of such company serves as outside officer of JSR.
  - (\*7) Close relative refers to a spouse and a relative within the second degree of consanguinity.
  - (\*8) Important person refers to an executive including a director, officer, executive officer and a person in the position of general manager or higher or an executive who has authority equivalent to those persons.

### 3. Agreement for limiting liabilities

In accordance with the provisions of Paragraph 1 Article 427 of the Companies Act, the Company has entered into an agreement with its outside directors and all of audit & supervisory board members to limit liability under the provisions of Paragraph 1 Article 423 of the Companies Act. Regardless of the amount of liability, the maximum amount liable under the agreement in question shall be limited to that set by applicable laws and regulations; provided that such outside director and audit & supervisory board member (whether outside or not) must have acted in good faith and without gross negligence in performing his/her duties.

## [Incentives]

Incentive Policies for Directors	Performance-based Remunerations and others
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Supplementary Explanation	Updated
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With the aim of increasing corporate value over the short, medium, and long-term, remuneration for directors of the Company consists of a) basic remuneration as a fixed remuneration, b) annual bonuses linked to the annual business performance of the Company, c) restricted stock shares as remuneration for directors designed to share values between directors and the shareholders, and d) performance-related stock remuneration granted after the applicable period aims to provide incentives for directors to ensure steady implementation of management and business restructuring plans and sustainable improvement in corporate value and to further enhance value sharing with shareholders.

Recipients of Stock Options	
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Supplementary Explanation
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**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	Details are individually disclosed in the annual securities report for a director whose remuneration etc. in aggregate exceeds JPY 100 million.
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Supplementary Explanation	<u>Updated</u>
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**1. Amount of Remuneration for Directors and Audit & Supervisory Board Members  
(for FY ending March 2021)**

Classification	Director		Audit & Supervisory Board Member	
	Number	Amount	Number	Amount
	(people)	(JPY million /year)	(people)	(JPY million /year)
Basic Remuneration (for outside directors or outside audit & supervisory board members)	9 (3)	289 (43)	4 (2)	50 (22)
Annual Bonuses to Directors for this fiscal term (ditto)	6 (-)	182 (-)	- (-)	- (-)
Mid-term Performance-linked Bonuses (ditto)	6 (-)	0 (-)	- (-)	- (-)
Restricted Stock Shares as Remuneration to Directors (ditto)	6 (-)	124 (-)	- (-)	- (-)
Total (ditto)	9 (3)	595 (43)	4 (2)	50 (22)

(Notes)

1. The numbers of the Directors and Audit & Supervisory Board Members and the amount of remunerations thereto in the table above include one (1) Audit & Supervisory Board Member who retired during the current fiscal year.
2. The above figures do not include the salaries for the employee portion of the Directors who concurrently serve as employees.
3. The above figures are rounded to JPY1 million.
4. The amount of Restricted Stock Shares in the table above is calculated based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors held on July 8, 2019, at ¥1,706 per share, and the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors held on July 13, 2020, at ¥2,110 per share.

**2. Consolidated Remuneration Amount for individual director**

The Company discloses in its Securities Report details of the remunerations individually paid to its directors or audit & supervisory board members if the total amount was JPY 100 million.

The following table shows individual remuneration disclosed in its Security Report for FY ending March 2021

Name	Total amount of consolidated remuneration, etc. (JPY million)	Position	Company	Amount by type of consolidated remuneration (JPY million)			
				Basic Remuneration	Annual Bonuses	Mid-term Performance-linked Bonuses	Restricted Stock Shares (non-monetary remuneration)
Mr. Eric Johnson	311	Rep. Director CEO	JSR Corporation	56	60	-	33
		President	JSR North America Holdings, Inc.	69	60	-	33
Mr. Nobuo Kawahashi	135	Rep Director President	JSR Corporation	80	34	-	21

Mr. Mitsunobu Koshihara	104	Rep. Director Chairperson	JSR Corporation	83	-	-	21
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1. The amount of remuneration for Mr. Eric Johnson, director is based on the cost-sharing agreement between JSR Corporation and JSR North America Holdings, Inc.
2. Basic Remuneration for Mr. Eric Johnson, Director includes the amount equivalent to fringe benefits and partial reimbursement of income tax relating thereto.
3. The remuneration paid in US dollar are calculated in Japanese yen (JPY) by using exchange rate at 106.06 yen/\$ as an average for FY ending March 2021 (average of closing rate at Tokyo Foreign Exchange Market)

### 3. Annual Bonuses

Performance evaluation reference consists of consolidated annual revenue and core operating income on 50/50 basis and respective targets, results and payout ratio thereof are described in the tables below. Consolidated Revenue and Consolidated Operating Income in the tables below are expressed in JPY billion.

#### (1) Consolidated Business Results

	Performance Evaluation Reference		
	Target	Result	Payout Ratio
Consolidated Revenue	420.0	446.6	151.9%
Consolidated Core Operating income	19.5	26.0	143.2%

#### (2) Results of Life Science Business

	Performance Evaluation Reference		
	Target	Result	Coefficient
Consolidated Revenue	58.0	55.2	0.87
Consolidated Core Operating income	5.5	3.5	0.86

(Note) The annual bonus of the CEO is calculated by multiplying the performance-linked portion of the entire company by the performance evaluation of the life science business.

#### (3) Non-financial evaluation of annual bonus to CEO and President (10%)

Based on the content of the business report presented by CEO and President, the Remuneration Advisory Committee of the Company deliberated on the progress of company-wide business structure reform (Petrochemical and display materials businesses) and reported to the Board of Directors the result of its evaluation, which determined that the non-financial evaluation portion of the annual bonus to CEO and President shall be paid at a rate of 100%, after consultation with members of Remuneration Committee, who are an Independent Outside Directors.

#### (4) Portion related to individual performance of Executive Managing Officers, Managing Officers and Senior officers (20 ~ 30%)

In order to evaluate the status of business execution comprehensively, the Representative Director and CEO (Eric Johnson) and the Representative Director, President and COO (Nobuo Kawahashi), who were delegated by the Board of Directors, made decisions by reflecting the results of the five-point evaluation. However, in order to ensure that the delegated authority is properly exercised, the Remuneration advisory committee deliberates in advance on the pattern of payment amounts for each evaluation of such performance-linked portion, and the Board of Directors determines the standard amount for such portion.



#### 4. Mid-term Performance-linked bonuses

The Company paid to its Directors excluding outside directors Mid-term Performance-linked bonuses for a 3-year evaluation period. Performance evaluation reference is the most recent 3years' average of ROE and the target, actual results and payout ratio thereof are shown in the table below. The bonuses for the 3-year evaluation period beginning in FY ending March 2019 will not be paid because the consolidated average ROE for the 3-year period used as a performance evaluation reference fell below 6% as shown below.

##### Changes in Consolidated annual ROE ratio

FY Mar 2017	FY Mar 2018	FY Mar 2019	FY Mar 2020	FY Mar 2021
8.4%	8.8%	7.8%	5.7%	-15.1%

##### 3-Year Average of Consolidated annual ROE

Fiscal Years From - to	Target	Actual	Payout Ratio
FY Mar 2017 - FY Mar 2019	10%	8.3%	53.8%
FY Mar 2018- FY Mar 2020	10%	7.4%	50%
FY Mar 2019- FY Mar 2021	10%	-0.5%	0%

	Range of Payout Ratio corresponding to the actual ROE of the most recent 3years' average				
Actual ROE average	less than 6%	6% or more	8%	10%	12% or more
Payout Ratio	0%	50%	50%	100% (target)	150%

Payout Ratio is 50% when actual ROE average is between 6% and 8% and is calculated proportionately in accordance with the above table when actual ROE average is between 8% and 12%.

Policy on Determining Remuneration Amounts and Calculation Methods **Updated**

Established

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

##### (1) Principles on remuneration for directors and audit & supervisory board members

- 1) 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 enables the Company to develop and recruit internationally competitive and diverse human resources capable of managing the businesses, and to provide short, mid, and long term incentives for its directors that are aligned with the benefit of its shareholders, and to encourage and motivate is management, while maintaining the transparency and accountability, to achieve accomplishment of the management strategies and business strategies of the Company. Remuneration framework should:
  - a 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;
  - b encourage the management to demonstrate healthy entrepreneurial spirits by motivating them to achieve the objectives of business strategies aiming at continuous growth; and
  - c 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 directors.

##### (2) Remuneration Governance

- 1) Procedures for determining remuneration, etc.

In relation to remuneration for the directors, the Board of Directors (referred to as “BOD” in this section) 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 BOD mentioned above and to enhance monitoring function and accountability of the BOD, the Company established the Remuneration Advisory Committee as an advisory body for the BOD.

2) Items for deliberation and reports by the Remuneration Advisory Committee

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

Eligible persons for remuneration:

Inside directors (including representative directors and executive directors), outside directors, audit & supervisory board members, officers, executive advisors, senior advisors, chairman emeritus and other important employees

Items for deliberation

Establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of incentive remunerations, appropriateness of the level and composition of the remunerations, and determination of the amount of remuneration of each position based on the remuneration framework and others

3) 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 chairperson shall be elected from Independent outside directors by resolution of the BOD in order to ensure independence, objectivity, and accountability as well as effectiveness of the Remuneration Advisory Committee.

In addition, a third party consultant, specialist in this field, and staff members for the committee also attend the Remuneration Advisory Committee meetings as observers.

(3) Remuneration framework of the Company

1) Remuneration Structure

In the past, our company's executive compensation consisted of basic compensation as fixed compensation, annual bonuses that are linked to the level of company-wide performance in a single year, medium-term performance-linked bonuses that are linked to the level of company-wide performance in the medium term, and compensation for the granting of restricted shares to promote the sharing of value with shareholders at an early stage. In FY ending March 2022, however, the medium-term performance-linked bonuses will be abolished and a performance-linked stock compensation plan (Performance share units:) will be introduced. With respect to medium-term performance-linked bonuses, except for bonuses for which the Performance Evaluation Period has already started, no money will be paid based on based on the provisions of the remuneration in the future.

In addition, regarding remuneration for granting restricted shares, the period for lifting the restriction on transfer and the maximum amount and the maximum number of shares are revised. The purpose of these revisions of executive compensation is as follows. Remuneration for Outside Directors and Audit & Supervisory Board Members is only basic remuneration in light of their roles.

<Reason for the revision>

- The directors of the Company will be given an incentive to steadily implement the Medium-Term Management Plan ending in FY ending 2025 and business structure reforms, and to achieve sustainable enhancement of corporate value. At the same time, the directors will further share value with shareholders.

- In order to raise awareness among our company's directors about creating value for all stakeholders in order to achieve sustainable growth from a longer-term perspective.

• Aiming to become a truly global company, we aim to create an appropriate level and structure of remuneration to secure excellent management personnel regardless of nationality.

[After revision] after June 17, 2021

	Type of Remuneration	Time of Payment or Granting	Summary of AGM Approval
Fixed Salary	Basic Remuneration	Monthly Payment	<ul style="list-style-type: none"> <li>✓ The maximum amount for directors is JPY 60 million per month (inclusive of JPY 10 million per month for outside directors). (74th AGM on June 18, 2019)</li> <li>✓ The maximum amount of basic remuneration for audit &amp; supervisory board members is JPY 10 million per month. (60th AGM on June 17, 2005)</li> </ul>
Performance Linked Remuneration	Annual Bonus	Payment at a fixed time every year	The maximum annual amount for directors excluding outside directors is JPY432 million (74th AGM on June 18, 2019)
	Performance share unit	In principle, units shall be granted in FY 2021, 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 x share price at delivery for target period</li> <li>✓ Maximum number of shares to be granted: 400,000 shares for target period (76<sup>th</sup> AGM June 17,2021)</li> </ul>
	Remuneration for granting Restricted Stock Shares	Payment at a fixed time every year	<ul style="list-style-type: none"> <li>✓ Up to 400 million yen 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. (76th AGM June 17,2021)</li> </ul>

## 2) 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 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 remunerations and other remuneration for the director who is responsible for overseeing and managing the Company's international businesses, the Remuneration Advisory Committee verifies the appropriateness of 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 are responsible for as well as considering each director's job responsibilities and the magnitude of impact on management of the JSR Group.

3) 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 table below shows each remuneration composition when basic remuneration is set at 100 and the standard amount of the performance-linked remuneration is set when a target has been achieved 100%.

		Basic remuneration	Performance-linked remuneration			Basic remuneration vs. performance-linked remuneration
			Annual bonus	Performance Share Unit (Per fiscal year)	Restricted Stock Shares	
Directors (excluding Outside Directors)	CEO	100	100	200	200	100 : 500
	President	100	30	About 38	About 38	100 : 105
	Concurrently serve as Executive Managing Officer / Managing Officer / Senior Officer	100	25	About 23	About 23	100 : 70

\* Each of Executive Managing Officers, Managing Officers and Senior Officers who hold concurrent positions as directors receives an allowance separately from the remunerations described in the table above.

(4) Outline of each remuneration and its determination method

1) Basic remuneration

- a Based on the deliberations and recommendations of the Compensation Advisory Committee, the basic compensation of directors is determined by resolution of the Board of Directors in accordance with their positions.
- b The amount of remuneration for audit & supervisory board members is determined through consultation with audit & supervisory board members.

2) Annual bonuses

- a The Company uses consolidated sales revenue (= a source of its corporate activities) and consolidated core operating profit (= shows the quality of its core business activities) as the performance evaluation indices for annual bonuses linked to the performance of the Company for a single fiscal year (50:50 ratio). The company has been engaged in structural reforms to achieve medium- to long-term growth and increase in corporate value, and since fiscal 2020, consolidated core operating profit has been used in place of operating profit, after deduction of losses and other nonrecurring losses arising from structural reforms.
- b The Company calculates a payout ratio according to the level of achievement relative to its goal within the range of 0 – 200%. As for the performance goal, it is finalized at a Board of Directors meeting after the Remuneration Advisory Committee has verified its adequacy. At the end of a fiscal year, the Remuneration Advisory Committee calculates and evaluates the amount of payment, and the Board of Directors determines the standard amount of the payment for each position.

- c The level of achievement relative to its performance goal is deliberated after being finalized based on annual management activities report that the CEO and President have submitted to the Remuneration Advisory Committee. In order to calculate and evaluate the amount of performance-linked remuneration, the Remuneration Advisory Committee deliberates on whether the Company's operating results have been largely affected by events that cannot be foreseen when the Company has set each target performance value based on the annual management activities report. The Remuneration Advisory Committee reports the need of qualitative adjustment of the level of achievement to the Board of Directors if necessary.
- d For the CEO and the President, in addition to the company-wide performance-linked portion described in (b) above (90%), a non-financial evaluation portion (10%) has been established for the progress of company-wide sustainability management initiatives, and the performance-linked portion will be determined in accordance with b above. At the end of a fiscal year, the non-financial evaluation portion is deliberated by the Remuneration Advisory Committee, and the amount of payment for the non-financial evaluation portion is determined by the Board of Directors within the range of 0% to 200%, reflecting the evaluation results .
- e The annual bonuses for directors concurrently serving as Executive Managing Officer, Managing Officer and Senior Officer consist of the part linked to the performance of the entire company (70-80%) and the other part linked to the individual performance (20-30%). The part linked to the performance of the entire company is determined according to the calculation method described in ② above. As for the part linked to the individual performance, the Remuneration Advisory Committee deliberates the pattern of payment amount by evaluation in advance, and the Board of Directors determines its standard amount. The CEO and President finalize the result of 5 levels of evaluation for the part linked to the individual performance, which has already been deliberated and confirmed by the Remuneration Advisory Committee. The amount of payment linked to the individual performance is determined within the range of 0%-200% by reflecting the result of the evaluation.

### 3) Performance Share Unit

- a This Performance Share Unit is a share-based compensation plan that provides a number of shares of the Company common stock (Hereinafter, "the Company stock") and monies in a lump sum. The number of shares is calculated based on the degree of achievement of performance targets during the 4 fiscal years from FY ending March 2022 through FY ending March 2025 (Hereinafter, "Performance Evaluation Period") that is consistent with the company's medium-term management plan, and the length of service during the period from the conclusion of this General Meeting of Shareholders to the General Meeting of Shareholders for the last fiscal year of the Performance Evaluation Period (Hereinafter, "Target Period").
- b The number of the Company Shares to be delivered and the amount of money to be paid to each Eligible Director shall be determined by a resolution of the Board of Directors based on deliberations and reports by the Remuneration Advisory Committee, by multiplying the number of standard share units to be granted according to the position of each Eligible Director by the payment rate(Rates fluctuate between 0% and 200%) according to the degree of achievement of performance against the consolidated performance indicators(Average consolidated ROE for FY ending March 2024 and FY ending March 2025) set in the first year of the Performance Evaluation Period.  
In principle, 50% of the number obtained (Hereinafter, "Fixed Reference Number of Share Units") by multiplying the basic number of our company stock units to be allotted to each Eligible Director by the payment rate determined after the end of the Performance Evaluation Period will be paid as monetary compensation claims to deliver our company stock, and the rest will be paid in money to be appropriated for tax payment
- c The monetary compensation claim and the total amount of the money shall be the amount obtained by multiplying the Fixed Reference Number of Share Units by the closing price of the Company shares on the Tokyo Stock Exchange on the business day immediately preceding the day

of the resolution of the Board of Directors concerning the issuance of shares or disposition of treasury shares relating to the allotment of the company shares after the end of the Performance Evaluation Period (Hereinafter, "Stock Price at the time of granting").

d The specific calculation formula is as follows.

(A) Number of the company Shares to be Delivered to Each Eligible Director

Base number of stock units x Pay-out rate x 50%

(B) Amount of money to be paid to each Eligible Director

{(Base number of share units x pay-out rate- number of the company shares according to (A) above)}  
x Stock price at delivery

(C) Monetary compensation claims and total amount of money to be paid to each Eligible Director

Number of fixed stock units (※ 1) x stock price at delivery

※ 1 Base number of stock units x Pay-out rate

e During the Performance Evaluation Period covering the 4 years from FY ending March 2022 to 2025, the Board of Directors determined, based on the report of the Remuneration Advisory Committee, that the average consolidated ROE for FY ending March 2024 and 2025 should be 10%, as the company aims to achieve a consolidated ROE of 10% or more in its medium-term management plan.

Range of consolidated ROE results and unit payout ratios during the Performance Evaluation Period from FY ending March 2022 to 2025

ROE	Less than 6%	6% or more	8%	10%	12%	14% or more
Unit payout ratios	0%	50%	50%	100% (Target)	150%	200%

※ Payout ratios between 6% and 8% ROE are 50%; payout ratios between 8% and 14% ROE are prorated

#### 4) Remuneration for granting restricted Shares

a For the purpose of promoting the sharing of value with shareholders by holding shares of the Company, the Company pays remuneration for granting restricted shares every year. Each year, Eligible Directors are granted monetary compensation claims to grant restricted shares, and Eligible Directors receive issuance or grant of the company shares by paying all of the monetary compensation claims as assets contributed in kind.

b Based on the deliberations and reports of the Compensation Advisory Committee, the number of shares to be allotted to Eligible Directors is determined by dividing the base amount determined according to the position by the resolution of the Board of Directors by the simple average closing price for one month prior to the grant of shares of the Company on the Tokyo Stock Exchange. The amount to be paid in per share shall be the closing price on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors, and shall not be particularly favorable to directors who receive the common shares of the company under the Plan.

c The transfer restriction shall be lifted during a period of 3 to 30 years previously determined by the Board of Directors, and in the case of resignation, etc. due to justifiable reasons determined by the Board of Directors as treatment at the time of resignation during the transfer restriction

period, the transfer restriction shall be lifted. Restricted shares are structured in such a way that they are linked to corporate value, although there are no conditions regarding performance.

5) Introduction of stock holding guidelines

In order to share value with shareholders on a sustainable basis, the Company established stock holding guidelines for the CEO (Representative Director) and the President (Representative Director). As a general rule, during the term of office as Director, the Company introduced guidelines with the aim of continuing to hold shares of our company equivalent to the standard amount based on the position at market value. The base amount shall be five times the annual basic remuneration for the CEO and the same amount as the annual basic remuneration for the President.

6) Establishment of Malus-Clawback clause

In order to prevent the remuneration system for officers of our company from being an incentive remuneration that encourages excessive risk-taking and to ensure the soundness of the remuneration system for officers, in FY ending March 2022, the Company will establish a clause (so-called Malus-Clawback clause) under which all or part of the incentive remuneration will be returned or confiscated at the discretion of the Board of Directors after deliberation by the Remuneration Advisory Committee, regardless of whether or not it is before or after the payment or issuance of the remuneration in the event of certain circumstances, such as retroactive revision of financial statements due to illegal acts or improper accounting. This provision applies to annual bonuses in 2021, restricted stock and performance share units granted in the same year, and medium-term performance-linked bonuses paid in all subsequent periods.

**[Supporting System for Outside Directors and/or Audit & Supervisory Board Member]**

The company secretary explains items on the agenda to outside directors before a regular or extraordinary Board of Directors meeting as well as to outside audit & supervisory board members. Prior to the Remuneration Advisory Committee meeting, the Secretariat of the Committee explains the content of proposals to outside directors who are members of the Committee.

JSR appoints a dedicated member of staff as an assistant to audit & supervisory board members including outside members and has such assistant support audits and collect and transmit information. The company secretary explains to audit and supervisory board members items on the agenda before a regular or extra ordinary Board of Directors meeting. In addition, the standing audit & supervisory board member provides outside audit & supervisory board members with information on the Company as necessary as well as with reports on important matters and on the progress and results of the audits at the Audit and Supervisory Board meetings.

**[Status of Persons retired from office of President & Representative Director, etc.] Updated**

Names, etc. of Senior Advisors, Advisor, etc. who was the President or Representative Director, etc.

Name	Title/Positions	Job description	Working arrangements / conditions etc.	Date of Retirement from office of President	Term of Office
Mr. Tatsuo Asakura	Special Advisor	To provide advices when asked but not involved in any management decisions of the Company	Part time with remuneration	June 29, 1993	1 year

Mr. Mitsunobu Koshiba	Chairman Emeritus	To do outside activities such as in industry group and to provide information asked by management personnel, but not involved in any management decisions of the Company	Full time with remuneration	June 17, 2021	1 year
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Total Number of Senior Advisor, Advisor, etc. who was President & Representative Advisor <b>Updated</b>	Two (2) persons
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Other matters **Updated**

Existence of internal regulations relating to Advisors, and involvement of Board of Directors and/or Nomination Advisory Committee in the event of revision of the regulation and/or the appointment of such advisors; Yes
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## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **Updated**

As a company with audit & supervisory board members, JSR principally monitors and oversees the execution of duties through its Board of Directors and audit & supervisory board members.

The Company continuously has strengthened the function of management supervision, improved efficiency in decision making and execution of business duties, and enhanced the transparency and soundness of its business management through the introduction of an officer system and the appointment of outside directors and audit & supervisory board members, who are independent from the Company and have extensive business experience and a high level of expertise.

JSR has registered at Tokyo Stock Exchange four (4) independent directors out of nine (9) in total and two (2) independent audit & supervisory board members out of three (3) in total, who have been greatly contributing to enhance rationality, legitimacy and transparency of management decisions by offering advice and opinions from a neutral standpoint independent from the Company utilizing extensive business experience and high level of expertise.

In addition, the Company has been endeavoring to enhance the transparency of business management by actively disclosing information and aggressively conducting IR activities for investors in a timely and appropriate manner.

Furthermore, JSR has provided shareholders with opportunities to express their trust and evaluations to the Board of Directors by way of electing directors at its annual general meeting of shareholders. At the same time, the Company has endeavored to make its annual general meeting of shareholders easy to attend and participate by holding the meeting and dispatching convocation notice thereof earlier than other companies, and participating in the electronic voting platform.

### (1) Board of Directors

The Board of directors consists of nine (9) directors four (4) of whom are independent outside directors with independence and extensive experience of business and management) and holds meetings once monthly, in principle. The Board 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 (3) audit & supervisory board members including two (2) independent outside audit & supervisory board members regularly attend the Board of Directors meetings to state their opinions. In total



17 meetings were held in fiscal year 2020 ending in March 2021, of which attendance ratio was 100% (all of the members of directors and audit and supervisory board members attended all of the meetings).

JSR has established the Remuneration Advisory Committee and Nomination Advisory Committee as an advisory organization to Board of Directors. For the details of the committees, please refer to II. 1. [Directors] [Voluntary Establishment of Committee] Supplementary Explanation of this Corporate Governance Report.

(2) Executive Committee

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 in relation to these issues or receives reporting. As required, certain items submitted to this committee are passed on to the Board of Directors for further discussion.

This committee is made up of CEO, the president, officers with directorship status, and officers or General Managers appointed by the chair, and responds to important business execution with the aim of expediting decision making and improving the efficiency of such operations. As a rule, this committee meets once a week, and is chaired by CEO or the president. The standing audit & supervisory board member also attends these committee meetings.

(3) Business Issues Committee

The Business Issues Committee engages in broad-ranging debate about items related to fundamental management strategies and policies, basic policies behind specific projects, and changes to business strategies. It also shares information 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. The Business Issues Committee, which meets twice a month in principle, consists of CEO, the president and officers with directorship status, and is chaired by CEO or the president.

(4) Officers Committee

This committee consists of CEO, the president and all officers and aims to ensure members' thorough understanding of business conditions and important business matters. This committee is chaired by CEO or the president and the standing audit & supervisory board member is also present.

(5) Audit & Supervisory Board and audit & supervisory board members

The Audit & Supervisory Board, consisting of three (3) 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. The two (2) outside audit & supervisory board members are independent ones, a lawyer and a certified public accountant qualified as a certified public tax accountant, and conduct audits from a standpoint independent from the Company and by using their professional expertise.

In accordance with standards for audits by audit & supervisory board members, the audit & supervisory board members attend meetings of the Board of Directors, and other important meetings including Executive Committee meetings to monitor how important decisions are reached and business activities are executed. The audit & supervisory board members also receive reports from the independent auditors, directors, and employees. Through these activities, audit & supervisory board members hold deliberations in order to form auditing opinions.

(6) Outline of Audit by audit & supervisory board members, Internal Audit, 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 (5) Audit & Supervisory Board and audit & supervisory board members.
- 2) Internal Audit  
JSR has established the Corporate Audit Department to improve the effectiveness of the 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 CEO, the president, related departments, and audit & supervisory board members.
- 3) Independent Auditors
  - a JSR's independent auditor is KPMG AZSA LLC.
  - b Three (3) certified public accountants, Tomoyuki Inoue, Iwao Hirano, and Yukihiro Kase, conducted the accounting audit. The professional staff included four (4) certified public accountants, etc.
  - c 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.
  - d In FY ending March 2021, JSR paid remuneration to KPMG AZSA LLC, its independent auditors, as follows:
    - Amount of remuneration for services stipulated in Article 2 Paragraph 1 of the Certified Public Accountants Act: JPY 81 million
    - Total remuneration to be paid by JSR and its subsidiaries: JPY 112 million

#### (7) Sustainability Promotion Committee

In order to establish good relationships with various stakeholders and to become a company that is trustworthy and indispensable, the JSR Group has established the "Sustainability Promotion Committee" with the purpose of shifting its focus from CSR (Corporate Social Responsibility) activities to "Sustainability activities" that contribute to all stakeholders by creating value through corporate activities, and with the aim of promoting such activities. The Company sets 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. The Sustainability Promotion Committee integrates and guides the activities of the above four committees and meets four times each year along with special meetings as necessary to further strengthen the management of Company.

The Sustainability Promotion Committee, is chaired by the President of the Company and consists of officers responsible for manufacturing, manufacturing technology, environment & safety, R&D, human resources development, accounting & financing, corporate planning, corporate communication, legal, general affairs, procurement, logistics, quality assurance, elastomers businesses, plastics businesses, digital solution businesses, and life sciences businesses, as well as the representatives of the four committees above, is operated in a manner that covers every functional departments and every business divisions of the JSR Group.

#### (7)-1 Sustainability Planning Committee

The JSR Group has established the Sustainability Planning Committee, in which the officer in charge of Sustainability Promotion serves as the chairperson. The Committee discusses and promotes sustainable corporate activities, such as organizing CSV (Creating Shared Value) activities in cooperation with business divisions, TCFD (Task Force on Climate-related Financial Disclosures) activities, and actions for climate

warming. Based on the JSR Group's "Basic Approach towards Social Contribution", the Committee has examined new activities and advanced social contribution activities.

(7)-2 Environment, Safety and Quality Committee

Based upon the belief of the JSR Group that the Company is responsible for making sustainable development possible, the Group has been pursuing activities relating to environment, safety, and quality with responsible care activities at its core. Recognizing that environment, safety, and quality as essential issues that forms the basis of business management, the Group has established the Environment, Safety and Quality Committee, in which the officer in charge of Safety and Environment Affairs, and Quality Assurance serves as the chairperson, to effectively promote the group-wide activities for environment, safety, and quality.

The Committee has approved plans regarding responsible care activities in the field of Environment, Safety and Quality, assessed and verified the results of the activities, strived to eradicate accidents and disasters, reduce loads on the environment, and maintain and improve the level of chemical goods management and product safety.

The JSR Group has been endeavoring to earn the trust of its customers and give a sense of ease to local people by disclosing the details of its activities and results in its Sustainability report of the Company. The Group has also made efforts to enhance the reliability and transparency of the Sustainability report through a third party verification. important.

(7)-3 Risk Management Committee

The JSR Group regards preventing a serious crisis from occurring and minimizing influence on its business activities if a serious crisis occurs as an important issue for business management. Therefore, the Group has stipulated the Risk Management Policies and established the Risk Management Committee, in which the officer in charge of Corporate Planning serves as the chairperson. The Risk Management Committee has continuously improved the Group's policy and plans to deal with a crisis or a potential crisis.

(7)-4 Corporate Ethics Committee

JSR and the JSR Group have provided the JSR Group Principles of Corporate Ethics as a code of conduct to accomplish responsibilities to stakeholders, one of the management policies to promote the realization of the corporate mission. The Group has established the Corporate Ethics Committee, in which the officer in charge of General Affairs serves as the chairperson, to conduct and advance our corporate ethics efforts.

The Corporate Ethics Committee has been endeavoring to ensure all parties understand its action guidelines to be obeyed in daily corporate activities in the JSR Group. It has also confirmed regularly that all officers and employees comply with the guidelines and continuously improved them. In addition, the Group has introduced hotlines as part of its whistleblower system: an internal hotline for employees (calls are transferred to the Corporate Ethics Committee), two external hotlines for employees (calls are transferred to either lawyers or a third party who are specialized in such services and can respond in English, Chinese, Korean, and Thai) and an external hotline for business partners.

(8) Corporate lawyer

The JSR Group may seek necessary legal advices during the course of management of the company or proceeding with day to day businesses from relevant law offices.

The following are the activities made in FY ending March 2021 for enhancement of corporate governance of the JSR Group.

- (1) The JSR Group has been issuing "The JSR Group Sustainability Report" annually both in Japanese and in English and thereby promoting unified Sustainability activities among both domestic and overseas group

companies. The Group has obtained third party opinion on important issues to ensure accountabilities and reliabilities of the contents in the JSR Group Sustainability Report.

For details of JSR's Sustainability report, please visit the following site:

[https://www.jsr.co.jp/jsr\\_e/csr/](https://www.jsr.co.jp/jsr_e/csr/)

- (2) In order to further enhance activities relating to corporate ethics, JSR has established “the JSR Group Principles of Corporate Ethics” as its code of conduct to be globally relied upon. The Company has distributed the brochures thereof written in Japanese, traditional and simplified Chinese, Korean and Thai to its employees of the JSR Group on global basis. As for education on the JSR Group Principles of Corporate Ethics, the Company provided educational sessions for newly appointed managers, new recruits, or on similar occasions as well as e-learning for all employees of JSR Group companies in Japan. In addition, the global JSR Group companies has been carrying out an annual survey to monitor its employees' awareness and behaviors relating to corporate ethics on global basis, and the results and findings of which are examined and used for improvement in corporate culture and corporate ethics.
- (3) As a part of program ensuring business continuity upon disasters, in December 2020, the Company, with the cooperation of outside expert organizations, conducted a review and identified areas for improvement in response to the COVID-19 BCP actions from January to June 2020. The Company received an evaluation that appropriate and timely measures were taken in general. In addition, crisis management training was conducted at each plant and research center in anticipation of a disaster occurring at each site after measures against COVID-19 infection were taken. The Company is committed to enhance risk management system that prevents accidents and crisis and ensures continuity of business upon occurrence of crisis.  
In FY ending March 2021, in response to expansion of COVID-19, the Company established the BCP (Business Continuity Plan) Task Force in February 2020, chaired by the president. The company, as a member of the material industry that supports essential industries worldwide, has implemented such necessary actions as enacting a standard of conduct to maintain operations at the Group's main production, research, and development sites in Japan, Asia, Europe, and America, and other various measures, supplying and mandatory use of personal protective equipment, curtailment of outside visitors, sharing of information with employees worldwide, and established a remote work systems at each site. The details of the BCP Task Force's actions are also being shared with outside directors and auditors.  
While respecting the cultural differences and individuality of JSR business bases around the world, the JSR Group is committed to risk management and business continuity by quick and comprehensive information management and appropriate actions at the BCP Task Force.
- (4) The Company has been promoting since 2009 unique risk management activities under the Risk Management Committee by regularly identifying and evaluating the potential risks and studying counter measures thereto at every business department in both domestic and overseas inclusive of Group companies. As for the risk which potentially represents material adverse effect on business continuity, the Company has been, under the supervision of Sustainability Promotion Committee and Risk Management Committee, endeavoring to minimize the impact of such risks.
- (5) The Company has been systematically performing environment and safety audit at manufacturing plant and laboratory of the Company as well as domestic and overseas group companies with manufacturing facilities. Starting from the FY ending March 2016, the Company has changed programs for audit such as items, duration, departments for audit based upon the rolls of departments in charge for carrying out auditing and those of departments receiving such audit and improved the effectiveness of audit by holding dialogues with its employees and discussion on major challenges of the each business premises, in order to achieve further understanding on the effectiveness of PDCA on such audits and the details of activities to improve safety awareness made at each of its business premises.

- (6) The Company has made and distributed a brochure “Compliance Handbook” to employees of the JSR Group companies both in Japan and overseas, in order to strengthen its activities to ensure compliance with laws and regulations. The Company has established and has been performing the procedures to regularly check and improve conformity of business activities with the relevant laws and regulation at the global JSR Group regularly on annual basis. In addition, the Company focuses on ensuring conformity of laws and regulations of particularly importance in the execution of operations, for example, by establishing a special measure for special occasion
- (7) In order to prevent insider trading, the Company has established an internal rule, “Rules for preventing the employees of JSR Group from insider trading”, and every year provided different positions of employees with education for preventing insider trading. This internal rule requires employees of JSR Group to submit a prior notice before selling shares of the Company, which is subject to review by the officer in charge of Compliance. In FY ending March 2021, the Company held educational session to new recruits by using lecture materials prepared by TSE and internal rules on regulations against internal trading.

### **3. Reasons for Adoption of Current Corporate Governance System**

JSR is a company with audit & supervisory board members. The Company believes that its corporate governance works effectively due to the following reasons;  
The Company pursues its basic policies and enhance the structures for corporate governance as stated in “[Principle 3-1 (ii)] JSR’s basic approach towards and policy on corporate governance” in “Disclosure Based on the Principles of the Corporate Governance Code” mentioned in this report as well as it steadily performs its various commitments to shareholders and other stake holders

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	JSR dispatched the convocation notice and meeting materials for ordinary general meeting of shareholders on May 28, 2021, 20 days prior to the date of the meeting. In addition, the Company disclosed via internet the contents of the convocation notice and meeting material 8 days prior to the date of dispatching such materials.
Scheduling AGMs Avoiding the Peak Day	Ordinary general meeting of shareholders for FY ending March 2021 was held on June 17, 2021.
Allowing Electronic Exercise of Voting Rights	JSR has allowed its shareholders to exercise voting rights by electronic means since 2004. In addition, JSR has adopted an online voting system using smartphones to provide individual shareholders with convenience for exercising voting rights since 2020.
Participation in Electronic Voting Platform	JSR has been participating in the Electronic voting Platform for institutional investors since 2006.
Providing Convocation Notice in English	JSR provides the convocation notice of an ordinary general meeting of shareholders both in Japanese and English on its website, the above-mentioned electronic voting platform, and website prepared by TSE.
Other	<p>As for convocation notice and other documents prepared for its ordinary general meeting of shareholders, JSR has endeavored to enhance the contents by providing information on its products and mid-term business plan in addition to those required by law and to make the documents easy to understand by using color graphics and pictures. (available only in Japanese at present)</p> <p>The Company makes efforts to provide presents its business report by audio visual presentation as well as presentation by CEO or the president on its mid-term business plan at its ordinary general meeting of shareholders and the introduction of the Company's products by exhibition prior to the meeting as well. At the 76th ordinary general meeting of shareholders held in June 2021, the Company sent a video message from Mr. Eric Johnson, Representative Director and CEO to shareholders. The Company also live-broadcasted the meeting, of which notice was sent to the registered shareholders of the Company.</p>

#### 2. IR Activities Updated

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	JSR formulated its disclosure policy to further enhance the reliability of its disclosures and discloses the policy in its web site.
Regular Investor Briefings for Individual Investors	JSR explains the outline and latest performance of the Company by updating the contents of its website and by posting IR movies presented and explained by CEO or the president himself at the web site of the Company. In FY ending March 2021, explanatory meetings for individual investors by the officer in charge of IR was not held due to the COVID-19.
Regular Investor Briefings for Analysts and Institutional Investors	JSR holds analyst meetings for analysts and institutional investors four times a year (the year-end, interim, and first and third quarters).

	JSR holds a meeting to explain its mid-term business plan once a year. In the meeting, CEO, the president explains to a lot of analysts and institutional investors.
Regular Investor Briefings for Overseas Investors	Every year, CEO, the president and/or an officer in charge of IR visits investors in North America, Europe, and Asia to hold explanatory meetings.
Posting of IR Materials on Website	<p>IR materials posted on the Company's website include: business performance, IR information video (in which CEO or the president appears), presentation materials, securities reports, interim reports, the mid-term business plan, integrated reports and Sustainability reports.</p> <p>The Company issues integrated report "JSR Report". JSR Report contains financial information including management strategies and non-financial information including matters relating to the environment and society, with reference to the disclosure framework of the International Integrated Reporting Council (IIRC) and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation.</p> <p>Please refer to the following URL to understand IR of JSR  <a href="https://www.jsr.co.jp/jsr_e/ir/">https://www.jsr.co.jp/jsr_e/ir/</a></p>
Establishment of Department and/or Manager in Charge of IR	Mr. Hideki Miyazaki, director and Managing Officer is the officer in charge for IR and Ms. Yoshiko Takeda, General Manager, Corporate Communication Department, is responsible for communication related to IR with support from Finance Department for regular IR activities.
Other	In FY ending March 2006, JSR formulated its disclosure policy to enhance the reliability of its disclosures.

### 3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	As stated in “(3) Relationship with stakeholders” of “[Principle 3-1 (ii)] JSR's basic approach towards and policy on corporate governance” under [Disclosure Based on the Principles of the Corporate Governance Code] of this report.
Implementation of Environmental Activities, Sustainability Activities etc.	Creating value through materials to enrich society, people and the environment is the JSR Group's corporate mission and the significance of its existence. JSR considers it is important to behave faithfully as a good corporate citizen and meet the expectations of our stakeholders in such a process. Since the code of conduct to achieve the above targets is the JSR Group's Sustainability Activity, the Company places it as an important issue of business management. Four committees (Corporate Ethics Committee, Environment, Safety and Quality Committee, Risk Management Committee, and Sustainability Planning Committee) centering on the Sustainability Promotion Committee have responded to new themes associated with the requirements of a society that increasingly becomes sophisticated. Furthermore, as a member of the chemical industry, the Company has promoted Responsible Care—a voluntary initiative to improve safety, health, and environmental performance—and disclosed information by posting the details and results of its activities on JSR Group's Sustainability report.
Development of Policies on Information Provision to Stakeholders	JSR stipulated its Disclosure Policy in FY ending March 2006 to enhance the reliability of information disclosure further. The Company has been endeavoring to ensure prompt, accurate, active and fair information disclosure by preparing organizations and systems for information disclosure to establish

	a company-wide cooperative framework with the aim of improving the quality of information disclosure.
Other	<p>JSR believes that understanding and accepting diverse human resources regardless of gender, nationality, business background, and their diverse values will lead to the generation of unique inspiration and innovation. The Company sets promoting value creation through diversity as a managerial target. To achieve the above targets, it established the Diversity Development Office in June 2015.</p> <p>Among diversity development, active support for female employees is one of the key management issues.</p> <p>As one of measures to support female employees, the Company has proceeded with systematic personnel programs to increase female career managers to be, to support non-career female employees to cultivate business skills and to encourage female employees with strong motivation to switch from non-career to career positions.</p> <p>Furthermore, in order to show management's strong determination and ask all employees for their understanding on and cooperation for active support for female employees, the Company sets the percentage of female to the total number of college graduates recruited in the normal recruiting period and the proportion of female employees in managerial positions as its immediate numerical target. In terms of systems, the Company has taken measures to support employees in a variety of ways of working, such as easing the requirements for working at home, which started with the support of balancing child-rearing and nursing care, and changing the system to what can be flexibly applied for each job or department. As a result of the flexible operation of systems and the expansion of IT infrastructure, remote work has also progressed in measures against COVID-19 centered on the head office. Taking this opportunity, the Company is working to create a corporate culture in which new ways of working are accepted and utilized.</p> <p>The Company, by setting up Global Human Resources Team in FY ending March 2016, has prepared an organization to engage in management of global human resources and has been coping with various issues and requirements arising from the different stages of globalization of the businesses. Through preparation for the program for cultivating next generation personnel for global management and strengthening the collaboration among personnel departments of JSR group companies both in Japan and overseas, the Company has examined the possibilities of promoting local staff to executive position of overseas group companies and has endeavored to intensify the collaboration and communication among personnel departments both in Japan and overseas. In addition, as a part of acceleration of globalization within the Company, the Company has increased the number of non-Japanese employees, has been dispatching Japanese employees to overseas laboratories as trainees and has been accepting long term trainees from overseas group companies.</p> <p>As for employment of handicapped personnel, the ratio of employment as of March 2021 was 2.34% while the laws and regulations require 2.3%. The Company allocates appropriate work places and types of jobs for each of them after consultation of state of handicaps and the areas where they are good at. The limited number of the handicapped persons is working at the departments handling dangerous materials such as manufacturing and R&amp;D at present,</p>



	<p>however, the Company has been endeavoring to widen the work places while securing the safety. In addition, with the aim of contributing to a society where more people with disabilities can work as members of the Company and play active roles together, the Company has started efforts to strengthen employment of people with disabilities through the use of rental farms for companies.</p>
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## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development Updated

#### (1) Basic policies for management

“JSR Group” (which hereinafter means JSR group companies consisting of the Company and those whose parent company under the Corporation Law is the Company) holds and relies on the following Corporate Mission and Management Policies for managing and conducting its businesses.

#### **Corporate Mission :**

Materials Innovation :

We create value through materials to enrich society, people, and the environment.

#### **Management Policies:**

Fundamental Pillars of Management

- Continuous Creation of Businesses
- Enhancement of Corporate Culture
- Increase in Corporate Value

Responsibility to Our Stakeholders

- Responsibility to Our Customers /Business Partners
- Responsibility to Our Employees
- Responsibility to Society
- Responsibility to its Shareholders

#### (2) Structures to ensure that execution of duties of directors and employees of JSR Group complies with the laws and ordinances and the Articles of Incorporation

- 1) Under the rules of the Board of Directors and other relevant rules, the Board of Directors of the Company inclusive of independent outside directors monitors and directs the execution of duties of directors and officers (including, executive managing officers, managing officers and senior officers in this section for Internal Control System) of the Company, as well as makes decisions on important management matters of the Company and on fundamental management matters of JSR Group.  
As for supervising the execution of duties of the directors and employees of the “Group Companies” (which hereinafter means companies that which belong to JSR Group but other than the Company), an officer in charge of Group Companies as specified under “the Code of Group Companies Management” is responsible for such monitoring and direction respectively.
- 2) The Company has established the Sustainability Promotion Committee chaired by the President and consisting of four committees such as the Sustainability Planning Committee, the Environment, Safety and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee, which directs and supervises the activities to ensure and promote Sustainability Activity of JSR Group including compliance with laws, ordinances and other rules.
- 3) The Company has established “JSR Group Principles of Corporate Ethics” as a code of conduct for the directors and employees of JSR Group, which are rules with penalty clauses to ensure its effectiveness and which JSR Group endeavors to make thoroughly understood and penetrated among their respective directors and employees by continual education and promotion under the supervision of the Corporate Ethics Committee.
- 4) The Company has, in accordance with the Financial Instruments and Exchange Law, established and been managing and maintaining the internal control system to ensure appropriateness of financial report of JSR Group.
- 5) The Company has established an organization specialized in internal auditing independent from the business execution divisions (“Internal Auditing Office”) in order to monitor and internally audit the effectiveness of the internal control system of JSR Group.

- 6) The Company has established consulting and reporting channel so that any directors and employees of JSR Group can report directly to the Corporate Ethics Committee of respective Group Companies to which they belong or of the Company, or through designated external hotlines involving outside attorneys (which may be done anonymously) when they become aware of internal actions that violate or are likely to violate the compliance rules. Any report made through external hotlines will be automatically and simultaneously transferred to and shared by full time audit and supervisory board member in order to ensure independence of the hotlines from the management. The Company has also established suppliers' hotlines so that the suppliers of JSR Group can report the issues relating to compliance rules to the Company. The Company ensures that, in any case, the person who made such reports suffers no disadvantageous treatment as a result of such reporting.
- 7) The JSR Group's basic principle against the anti-social forces is to cut off all relationships including but not limited to any business transactions with such forces. The management and the entire organization of the Company or, as the case may be, of respective Group Companies shall resolutely and firmly reject any claims or requirements made by anti-social forces in collaboration with external entities such as the police forces.

(3) Structures to ensure efficient execution of duties of directors of JSR Group

1) At the Company

- a The Board of Directors holds regular meetings on monthly basis in principle and ad hoc basis if required in order to deliberate and resolve important matters relating to the execution of businesses and to monitor and direct supervise the execution of duties of directors and officers. Executive Committee consisting of CEO, the president, executive managing officer, managing officers, and senior officers and/or officers or General Managers designated by the president and a full time audit and supervisory board member holds meetings on weekly basis in principle in order to deliberate, direct and/or receive reports on the matters relating to fundamental management policies, managerial guidelines, management plans and/or major business issues from business divisions. The Executive Committee is chaired by CEO or the president. The standing audit & supervisory board member also attends the committee meeting.  
After review and deliberation by the Executive Committee, major issues will be brought up to the Board of Directors for resolution while the rest will be determined by CEO or the president. In addition, Business Issue Committee consisting of CEO, the president, Executive Managing officers and Managing officers holds meetings on twice a month basis in principle in order to, through discussion and sharing information and views, clarify and determine the direction of the key issues relating to management principles and fundamental management policies, policies behind the individual business decisions, or the changes in business strategies well in advance, which will be further reviewed and discussed at the Board of Directors Meetings or Executive Committee Meetings.
- b The Company has adopted officer system in order to clearly distinguish managerial decision-making and monitoring functions from those of business execution and to enhance respective functions. Officers Committee consisting of CEO, the president and all of the officers holds meetings when appropriate for the purpose of sharing common and thorough understanding on the status and major issues relating to the management and performance of the Company.
- c By establishing the rules for decision making authorities at the Company and Group Companies, the JSR Group has specified the bodies and ways for decision making in accordance with the importance of such decisions in order to ensure the appropriateness and effectiveness of the execution of the businesses.
- d The Company has established "the Code of Group Companies Management" for the management of Group Companies. An officer in charge of a Group Company is responsible for administration and management thereof, while other corporate functional departments such as safety, environmental affairs, accounting, finance, general affairs, legal affairs, and sustainability promotion provide support and services to Group Companies.

2) At Group Companies

- a At the Group Companies in Japan with the Board of Directors, the Board of Directors regularly holds meetings, and the executive committee is established in a similar manner to the Company if necessary in order to deliberate and decide the important business matters in accordance with the relevant internal rules and regulations.
- b At the Group Companies in Japan without the Board of Directors, executive committee of the company consisting of the president, other key management personnel, audit & supervisory board members of the company, and the officer in charge of the relevant Group Company, and/or his/her staff holds meetings on regular basis and deliberates and decides important business matters in accordance with the relevant internal rules and regulations.
- c At overseas Group Companies, the Board of Directors holds meetings on regular basis and deliberates and decides important business matters in accordance with the relevant internal rules and regulations
- d The Company has, considering the location of the market and major business premises, established a holding company in north America (hereinafter referred to as “NAHQ”) responsible for overseeing the global Group Companies involved in life sciences business in order to accelerate decision making processes and enhance internal control of these companies. With regard to the decision making authority over the above Group Companies, the president of the Company transfers his authority, which is to decide upon deliberation at the executive committee, to the president of the above holding company as long as the decision is made upon deliberation at the executive committee of the above holding company.

- 3) The JSR Group has established its mid-term business plan “JSR 20i9” considering possible changes in business environment in the future, of which implementation plans were broken down into corporate annual targets and budget of JSR Group as a whole. Each of the companies of JSR Group and the business divisions thereof will set up and implement its action plans to achieve the objectives.
- 4) The tenure of office of directors of JSR Group is one year so that JSR Group can quickly cope with the ever-changing business environment.

(4) Structures for loss and risk management and other rules of JSR Group

- 1) The Company has been continually monitoring the risks associated with the execution and progress of the businesses of JSR Group by way of reporting and discussion at the meetings of the Board of Directors, Executive Committee, Business Issues Committee, Officers Committee, and/or other important meetings as well as controlling budget.
- 2) As for the major risks other than those described in the preceding paragraph 1) above, Risk Management Committee of the Company chaired by the officer responsible for Corporate Planning, determines appropriate countermeasures in relation to the degree of visible or potential risks, as well as enhances preparation and implementation of the risk management plans of JSR Group made by the relevant Committees (Corporate Ethics Committee, Environment, Safety and Quality Committee) or by individual business divisions, or proceeds company-wide risk management activities.
- 3) In the event of serious crisis of the JSR Group, the “Emergency Headquarters” (“Anti-Disaster Headquarters” in the case of accidents or disaster) directed by the president of the Company will be set up in order to proceed necessary crisis management in accordance with the “Risk Control Manual.”

(5) Structures for maintenance and management of information relating to execution of duties of directors of the Company

The Company has, in accordance with the relevant laws and “Rules for Documents and Information Management”, been properly maintaining the relevant documents and/or those in electromagnetic forms in relation to the execution of duties of directors and officers such as minutes of meetings of the shareholders,

the Board of Directors, Executive Committee, Business Issues Committee, and authorization documents so as to make such documents easily accessible by the directors and audit & supervisory board members of the Company.

- (6) Structures for reporting the execution of duties by directors and employees of the Group Companies
- 1) An officer responsible for the relevant Group Company reports business results and financial statements of the company to Executive Committee and the Board of Directors on regular basis.
  - 2) The Audit & Supervisory Board Member of a Group Company on regular basis reports to audit & supervisory board members and Internal Audit Office of the Company the results of the audit made at the Group Company.
  - 3) Department in charge of internal audit of NAHQ will perform internal audit of the Group Companies in life sciences businesses and report its findings to CEO or the President and manager of Internal Audit Department of the Company.
- (7) Matters related to audit by audit & supervisory board members
- 1) Matters related to employees assisting audit & supervisory board members and ensuring his/her independence  
The Company has appointed a personnel whose responsibilities are to assist audit & supervisory board members (“the assistant”). Any personnel decisions on the assistant are subject to prior consultation and approval by the Audit & Supervisory Board. In addition, solely audit & supervisory board members are responsible for evaluating the performance of the assistant.
  - 2) Matters related to effectiveness of command by audit & supervisory board members to the assistant  
The assistant shall follow instructions and command solely made by audit & supervisory board members.
  - 3) Structures for directors and employees of the Company, for directors and employees of the Group Companies or for those who received reports from them to report to audit & supervisory board members of the Company to receive reports from its directors and employees, or from directors and employees of the Group Companies, or from those who received reports from directors and employees of the Group Companies.
    - a Audit & supervisory board members ensures that they can review major decisions on the execution of duties of directors through participation to the meetings of the Board of Directors, Executive Committee and Officer Committee and the circulation of authorization documents after approval by the relevant personnel.
    - b Such corporate administrative department including general affairs, legal and Sustainability Promotion as designated by audit & supervisory board members regularly, or upon request, report to Audit & supervisory Board Members on the progress and operating status of internal control system such as compliance with rules and regulations and risk management.
    - c Internal Auditing Office regularly, or upon request, reports the results of internal auditing on JSR Group to audit & supervisory board members.
    - d Directors and employees of the Company promptly and effectively report to audit & supervisory board members such items, but not limited to, as the fact that might cause material damages to the Company and/or materially violate the laws and/or articles of incorporation of the Company, or as specified in advance in accordance with the prior agreement with the audit & supervisory board members.
    - e Directors and employees of JSR Group promptly report to audit & supervisory board members relating to execution of businesses.
  - 4) Structures to ensure that persons who report to audit & supervisory board members do not to suffer disadvantageous treatment as a result of such report  
The JSR Group prohibits disadvantageous treatment its directors and employees solely because they had reported to audit & supervisory board members.

- 5) Matters related to policies related to procedures for advance payment or pay back of audit expenses and handling audit expenses and others

The Company bears all the expenses incurred in relation to execution of duties of audit & supervisory board members unless such expenses are deemed unnecessary

- 6) Other structures to ensure effectiveness of auditing by audit & supervisory board members.

The audit & supervisory board members maintain cooperation and communication from time to time with relevant parties such as Internal Auditing Office, the Independent auditors, audit & supervisory board members of Group Companies.

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## 2. Basic Views on Eliminating Anti-Social Forces

- (1) Basic views on eliminating anti-social forces

The JSR Group's basic principle against the anti-social forces is to cut off all relationships including but not limited to any business transactions with such forces. The management and the entire organization of the Company or, as the case may be, of respective Group Companies shall resolutely and firmly reject any claims or requirements made by anti-social forces in collaboration with external entities such as the police forces. The JSR Group has stated in the "Code of Conduct against Antisocial Forces" under the "JSR Group Principles of Corporate Ethics" that its basic policy, upheld by its top executive and the company as a whole, is to firmly reject any demand made by anti-social forces. The Group has stipulated its basic policy and specific countermeasures in normal times and an emergency in the Standards for Response against Antisocial Forces.

- (2) Establishment of structures for eliminating anti-social forces

- 1) Establishment of the person and the department in charge against anti-social forces

The JSR Group has made the officer in charge the General Affairs Department and the department itself responsible for coping with anti-social forces through organizational confrontation under his/her supervision. In head office and each office, the general managers in charge of general affairs will cope with the demand made by anti-social forces, if any.

- 2) Cooperation with external professional organizations

The department in charge against anti-social forces has been endeavoring to establish good relationships with external professional organizations including the police regularly and to strengthen its cooperation with such organizations by frequent consultation.

- 3) Collection and management of information regarding anti-social forces

The JSR Group's department in charge against anti-social forces regularly collects information regarding anti-social forces through the media and actively participates in information exchange meetings and training seminars sponsored by external professional organizations including the police to gather and unitarily manage information regarding the activities of anti-social forces, the actual situation of illegal demands, and policies to cope with anti-social forces, and prepares materials.

- 4) Preparation of manuals to cope with anti-social forces

The department in charge against anti-social forces has stipulated internal manuals to respond to anti-social forces.

- 5) Implementation of training activities

The JSR Group educates its employees, mainly personnel in the department in charge against anti-social forces on how to cope with anti-social forces using educational materials prepared by external professional organizations including the police.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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#### Supplementary Explanation

JSR has not adopted anti-takeover measures.

The Company considers it is important to increase its corporate value by gaining the trust and appreciation from all stakeholders as an enterprise that has high profitability and can steadily realize safety and its environmental mission.

### 2. Other Matters Concerning Corporate Governance System Updated

(1) For the diagram showing the structure of corporate governance of the Company including its internal control system, please refer to the Attachment: “Corporate Governance Structural Diagram”

(2) Outline of timely disclosure system

Here is an outline of JSR’s internal system to disclose company information in a timely manner.

1) Basic policy for disclosing information

JSR has stipulated its Disclosure Policy as a rule to disclose important company information to investors in a prompt, accurate, and fair manner. The Company has focused on actively disclosing information on its business conditions in accordance with related laws and regulations, such as the Financial Instruments and Exchange Act, and rules regarding timely disclosure provided by the Tokyo Stock Exchange Inc.

In addition, JSR has strived to disclose information, which does not fall under the TSE’s timely disclosure rules but is deemed to influence investors’ investment decisions, in a timely and appropriate manner. Furthermore, the Company has stipulated Rules for Preventing JSR Group’s Employees from Committing Insider Trading. It has made endeavors to ensure that all directors and employees understand and comply with basic rules regarding the management of insider information which they have come to know through conducting their duties and the purchase and sale of stocks by directors and employees with the aim of preventing insider trading from occurring.

2) Internal structure for timely disclosure

a Decisions made

Important decisions are made at a Regular Board of Directors’ meeting or the Executive Committee and as necessary, an Extraordinary Board of Directors’ meeting is held to make prompt decisions. If important decisions made fall under the TSE’s timely disclosure rules, the Company shall disclose such information in a prompt manner after obtaining approval at the Board of Directors’ meeting.

JSR shall disclose information on account settlement immediately after having an audit by independent auditor on its books and obtaining approval at the Board of Directors’ meeting.

b Facts that have occurred

Regarding important facts that have occurred, JSR has established a structure that enables the Company to gather information and make immediate response and disclose information in an appropriate manner.

c Risk information

Regarding risk information, JSR has established the Sustainability Promotion Committee, which is designed to ensure issues related to environment, safety and quality and corporate ethics are communicated to, understood, and observed by all parties. The Company has established a structure that enables it to respond to an emergency by preparing an information network to

transmit information from JSR and JSR Group companies to the Sustainability Promotion Committee when a crisis occurs.

d Disclosure of information

The Corporate Communications Department, which takes the leadership in disclosing information, has strived to disclose information promptly in cooperation with related departments. In addition, the Department has put disclosed materials on the Company's website so that shareholders and investors can easily access them any time.

For the diagram of the internal structure for disclosing company information in a timely manner, please refer to the attached Material 2: Information Disclosure Structural Diagram.



# Corporate Governance Structure Diagram

As of June 17, 2021



