

Translation

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To whom it may concern,

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Results of Evaluation of the Effectiveness of the Board of Directors

We conduct an evaluation of the effectiveness of our company's Board of Directors every year and maximize our corporate value by enhancing its effectiveness. The following is the summary of the results of the effectiveness evaluation in FY2019.

1. Overview of Evaluation Results

1) Evaluation process

We evaluated the effectiveness of the Board of Directors through a self-assessment while utilizing aggregated data and evaluation support provided by a third party that has expertise in the relevant field.

In November 2019, we gave a questionnaire to all eight directors (including three independent outside directors) and three audit & supervisory board members of our company (including two independent outside audit & supervisory board members). After collecting questionnaire responses, the board members discussed the results of the questionnaire as well as the opinions expressed through the questionnaire and evaluated the effectiveness of the Board of Directors.

2) Conclusion

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

3) Reasons why we have come to the conclusion that our Board of Directors is working

effectively

- The Board of Directors consists of inside and outside directors as well as audit & supervisory board members from diverse perspectives (e.g. different nationalities and sexes) with an appropriate allocation. The Board of Directors serves as a meeting structure that oversees management and encourages top management to make bold decisions by utilizing each member's experiences, skills, and specialization.
- Sufficient information is provided to each member, and the Board of Directors has lively and effective discussions in the free and open-minded atmosphere.
- The Nomination Advisory Committee and the Remuneration Advisory Committee are enhancing their supervisory functions by working effectively and providing adequate advice to the Board of Directors while ensuring their own independence and objectivity towards the Board of Directors. As a result, we have secured an adequate composition of the Board of Directors and appointed the right person to the right position. The Nomination Advisory Committee also played a vital role in the transition to a new top management team which was established in June 2019. The Remuneration Advisory Committee makes our executive remuneration system work. The system secures and rewards diverse and competent human resources regardless of nationality to further promote global management. The Remuneration Advisory Committee has also realized transparent information disclosure.
- Every quarter, the Board of Directors receives a report on the company's measures towards investors and shareholders and have a discussion. By doing so, the Board of Directors reflects the viewpoint expected from the shareholders in our company's operations and execution of duties and also strives to maximize our corporate value.
- As we observe a dramatic change in the business environment, the Board of Directors endeavors to enhance corporate governance and maximize corporate value by making the above points work.

4) Special note on the results of the evaluation

- For almost all the evaluation items, the board members gave us feedback (freewriting) and suggestions and also pointed out problems that they had found. Especially for this year's questionnaire, the board members pointed out the following items (*Evaluation items are described in "3. Evaluation Method.").

(Good points and the points in which the board members were able to observe improvement)

1. Board members can express their opinions freely and have a constructive discussion.
During a preliminary briefing, the BOD Office spends sufficient time to answer questions from board members regarding board meeting agenda items. This makes it possible for the

board members to have substantial and effective discussions.

2. Important investment and acquisition deals which have been resolved by the Board of Directors before are being followed up more properly this fiscal year.
3. The collaboration between the Board of Directors and the Nomination / Remuneration Advisory Committees has been reinforced further. The Nomination / Remuneration Advisory Committees share things discussed at their committee meetings with the Board of Directors. This leads to the enhancement of our corporate governance.
4. In April every year, the top management of the company reports the management activities implemented in the last fiscal year as well as its performance evaluation to the Nomination Advisory Committee. The Board of Directors highly evaluates this activity as it serves to check the responsibilities of the top management every year.

(Things that require improvement)

1. As ESG investment and activities for the SDGs are becoming increasingly important, we consider that the Board of Directors should increase opportunity to discuss the sustainability & resilient management while taking into account these activities. We need to further monitor activities which allow us to proceed with business strategies that focus on “sustainability & resilience” and to enhance corporate value.
2. Regarding the composition of the Board of Directors, an outside director who has a thorough knowledge of the IT and digital technologies resigned from his position in the middle of the fiscal year. Therefore, we need to find a specialist in this field to fill the position. Besides that, it is also desirable that the company find people from diverse backgrounds for its Board of Directors. We hope that the company will develop and secure human resources who will become female directors.

2. Future Activities

We have confirmed that the Board of Directors will address the following points in response to the comments and suggestions given by the board members and audit & supervisory board members.

- The Board of Directors will appropriately monitor the execution status of a new mid-term plan which starts in FY2020. From the “sustainability & resilience” standpoints, the Board of Director will also promote integration between sustainability and business strategies, enhance our company’s operations through resilient activities (establish a multi-layered and robust system, reinvest in the plants and ERP, etc.), in parallel with the growth of major businesses, we will strengthen our ability to respond to various crises, and we maximize our corporate value.
- The Board of Directors confirmed important business challenges, which the board needs to

monitor continuously, when evaluating the effectiveness of the Board of Directors. The business challenges listed below will be brought up at BOD meetings, and the board members will have intensive discussions on these challenges and also monitor their execution status.

(Important business challenges)

- 1) Carry out business based on the “sustainability & resilience.”
- 2) Streamline the company’s overall business portfolio and optimize its overall resource allocation.
- 3) Create business models and business strategies in the life sciences business so that it will become JSR’s third business pillar.
- 4) In the elastomer business whose profitability has declined, determine business strategies and the way the business should be.
- 5) Expand the portfolio of our digital solution business which is the primary source of our company’s revenue at the moment.
- 6) Implement crisis management and response (including Business Continuity Plan (BCP) due to the novel coronavirus).

3. Evaluation method

1) Overview of the evaluation (details)

The following is an overview of how we have conducted the evaluation of the effectiveness of the Board of Directors.

1. From November 2019 to December 2019, the BOD Office received advice from a third party and created survey questions. After the Board of Directors checked the questions, the BOD Office distributed the questionnaire to all of eight directors (including three independent outside directors) and three audit & supervisory board members (including two independent outside audit & supervisory board members) who were the members of the Board of Directors.
2. To ensure respondent anonymity, the completed questionnaire forms were directly sent to a third party, and the third party tallied the results and collected comments from the respondents.
3. The Board of Directors conducted a self-assessment on the results of the questionnaire as well as the members’ comments by taking the third party’s expertise and comments on the results as reference. All directors and audit & supervisory board members participated in the assessment.
4. During the self-assessment process, the Board of Directors had a discussion on three separate occasions. Aside from the discussions which took place among the board members, we also gave outside directors and outside audit & supervisory board members

an opportunity to have a discussion separately, taking into account their independence, and checked the effectiveness of the Board of Directors.

2) Evaluation items

The questionnaire consists of the following categories and open-ended questions.

(1) Size and composition of the Board of Directors (2) Operational status and challenges of the Board of directors (3) Composition and roles of the Nomination Advisory Committee (4) Operational status of the Nomination Advisory Committee (5) Composition and roles of the Remuneration Advisory Committee (6) Operational status of the Remuneration Advisory Committee (7) Support system for outside directors (8) Roles of audit & supervisory board members and expectation for them (9) Relationship with investors and shareholders (10) Good points about the effectiveness of the Board of Directors and the points in which you think there is room for improvement (11) Following up on important matters that were identified as problems in the last fiscal year.