

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 FY2020.

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 FY2020 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 (please refer to 3. Evaluation Method for the evaluation items).

(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.

3. Evaluation method

1) Evaluation overview (details)

The following is an overview of how we have conducted the evaluation of the effectiveness of the board of directors.

- (1) In November 2020, we asked a third party that possessed specialized knowledge to interview the representative director / CEO and the representative director / COO.
- (2) From November 2020 to December 2020, the Office of the Board of Directors created a questionnaire while taking into account the advice provided by the third party and conducted a questionnaire survey targeting all nine directors and three audit & supervisory board members (of which two audit & supervisory board members are independent auditors) who are the members of the board.
- (3) To ensure anonymity in the survey, respondents sent their responses to the third party, and the third party tallied the questionnaire survey results and responses to open-ended questions.
- (4) All directors and audit & supervisory board members evaluated the survey results as well as the answers to those open-ended questions by using the results of the evaluation, which had been summarized by the third party with specialized knowledge about the effectiveness of the board of directors, as a reference.
- (5) In addition to the discussions that have taken place at board meetings, we set up a meeting that only outside directors and audit & supervisory board members would attend given their independent positions and confirmed board effectiveness.

2) Evaluation items

The questions and open-ended questions in the questionnaire are classified by item as listed below.

- (1) Roles and functions of the board of directors
- (2) Size and composition of the board of directors
- (3) Operational status and challenges of the board of directors
- (4) Composition and roles of the Nomination Advisory Committee
- (5) Operational status of the Nomination Advisory Committee
- (6) Composition and roles of the Remuneration Advisory Committee
- (7) Operational status of the Remuneration Advisory Committee
- (8) Support system for outside directors
- (9) Roles of audit &

supervisory board members, expectations for audit & supervisory board members (10) Relationship with investors and shareholders (11) Our company's governance system, overall effectiveness of our board of directors (12) Follow up on the items that have been resolved by the board of directors

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